



REDLINE COMMUNICATIONS GROUP INC.

ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2020

March 24, 2021





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GENERAL MATTERS

This Annual Information Form (“AIF”) contains company names, logos, trade names, trademarks and service marks of Redline Communications Group Inc., its subsidiaries, its affiliates and other organizations, all of which are the property of their respective owners.

In this AIF, unless otherwise noted or the context otherwise indicates, the terms “RCGI”, “Company”, “Redline”, “we” or “our” refer to Redline Communications Group Inc. and its subsidiaries. The Company prepares its financial statements in United States dollars and in conformity with International Financial Reporting Standards (“IFRS”). Unless otherwise indicated, all dollar (“\$”) amounts in this AIF are expressed in United States dollars. References to (“CDN\$”) are to Canadian dollars.

Certain terms used in this AIF are defined in the “Glossary” attached as Appendix “B”.

FORWARD LOOKING STATEMENTS

This AIF includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the current intentions of the board of directors of the Company (“Board”), beliefs or expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and the broadband industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. There is significant risk that the predictions, forecasts, conclusions or projections underlying the forward-looking statements will not prove to be accurate and that actual results will be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Readers of the AIF are cautioned not to place undue reliance on forward-looking statements. Actual results and developments could differ materially from those expressed or implied by the forward looking statements. See “Risk Factors”.

Forward-looking statements may and often do differ materially from actual results. The future outcomes that relate to forward-looking statements in this AIF may be influenced by many factors, including but not limited to:

- impact of the global COVID-19 pandemic on the Company’s supply chain, ability to test, certify and deliver products and services due to travel restrictions, including the ability of people and goods to cross borders, timing of customer purchase decisions, customer ability to pay invoices and in a timely manner, and health of employees;
- effects of fluctuating commodity prices including oil & gas and minerals;
- availability of financial resources to carry out the Company’s strategy;
- general economic conditions in the countries in which the Company operates;

- currency fluctuations;
- market demand for the Company's products and services;
- the Company's ability to deliver its products and services; including reliance on third party manufacturing and distribution channels;
- management's ability to execute the Company's strategic plans;
- the degree of competition in the geographic and business areas in which the Company operates;
- the Company's ability to attract and retain qualified employees and contain payroll costs;
- the Company's ability to contain expenses;
- technological changes and research and development;
- the length of the sales cycle required to close larger contracts;
- the Company's ability to protect its intellectual and intangible properties;
- the possible effects on the Company's business due to tariffs, trade barriers or changes to trade agreements including the Canada-United States-Mexico Agreement ("CUSMA");
- legal claims;
- critical accounting and tax estimates;
- the possible effects on the Company's business as a result of war or terrorist activities;
- the possible effects of system failures or cyber-attacks on the Company's business;
- the possible effects of disease or illness that affects local, national or international economies; and
- disruptions to public infrastructure, such as transportation, communications, power or water supply.

This list is not exhaustive of all possible factors. Other factors could adversely affect the Company's results. Prospective investors should specifically consider the factors that could cause actual results to differ before making an investment decision. The assumptions behind the Company's outlook include the following:

- business opportunities in the Company's sales pipeline will materialize as orders/contracts without significant delays;
- Signed contracts in the Company's backlog will be delivered and completed as per the terms and conditions of the contract
- significant large infrastructure projects will continue as scheduled;
- the global political climate will remain stable;
- the Company's customers will have adequate access to capital and will continue to purchase the Company's products and services;
- foreign exchange rates will not fluctuate excessively and the Company will continue to have a natural hedge between revenues and cost of good sold; and

- management will continue to be able to inspire, motivate and maintain the Company's employee base at a sufficient level to deliver on the Company's objectives.

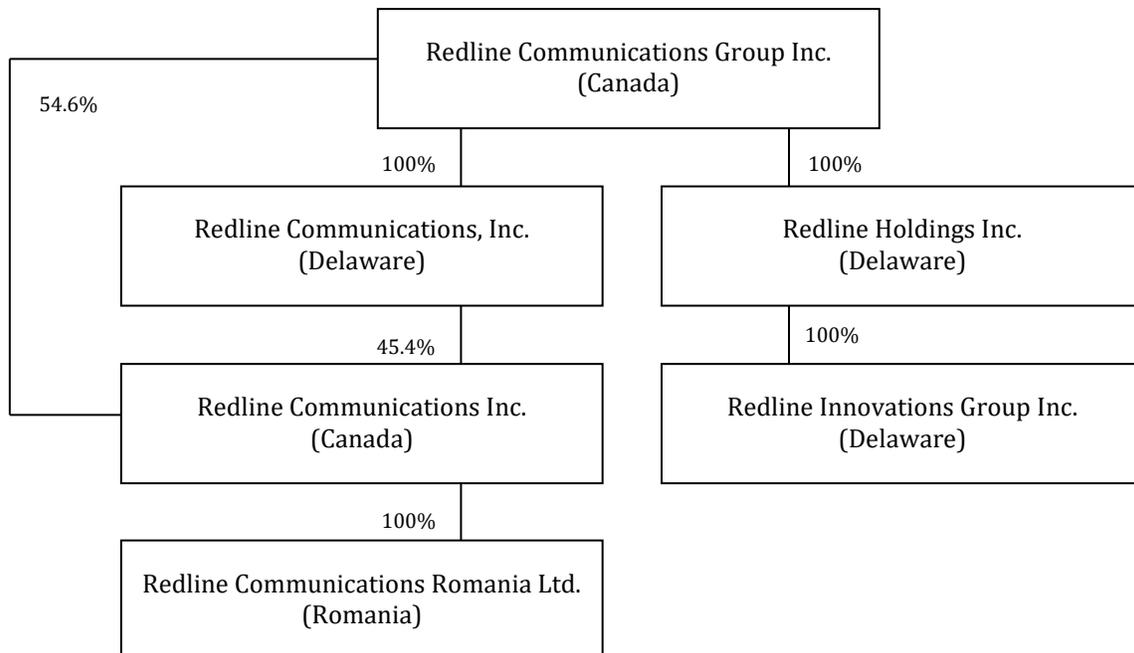
When relying on forward-looking statements to make decisions with respect to Redline, investors should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on its behalf.

CORPORATE STRUCTURE

Redline Communications Group Inc. ("RCGI" "Redline" or the "Company") (TSX: RDL) was incorporated on September 14, 2007 under the *Canada Business Corporations Act* (the "CBCA"). The head and registered office of RCGI is located at 302 Town Centre Boulevard, 4th Floor, Markham, Ontario, Canada, L3R 0E8.

RCGI's common shares ("Common Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol "RDL".

RCGI is a holding company and as such it conducts no operations itself. The majority of RCGI's operations are conducted through Redline Communications Inc. (Canada) ("Redline Canada") located in Markham, Ontario, Canada. The following chart outlines the Company's corporate structure and the jurisdiction of incorporation of RCGI and each of the Company's subsidiaries and the proportion of ownership interest and voting power in each subsidiary.



* Except as set out above, there are no undertakings in which RCGI holds a proportion of capital or ownership likely to have a significant effect on RCGI's assets and liabilities, financial position or profits and losses.

RCGI has undertaken, in complying with its reporting obligations under applicable securities laws, (i) to treat all of its holdings as subsidiaries of RCGI for financial reporting

purposes in accordance with international financial reporting standards and, where applicable, provide separate financial statements for its subsidiaries; (ii) to take appropriate measures to require insiders of each of its subsidiaries to comply with reporting requirements and prohibitions against insider trading as if they were a reporting issuer and (iii) to certify, on an annual basis, its compliance with the above undertakings.

GENERAL DEVELOPMENT OF THE BUSINESS

HISTORY AND DEVELOPMENT

The Company was founded in 1999 with the aim of becoming a leader in developing and marketing products for the broadband wireless communications industry. At that time, carriers and other large operators were beginning to examine the use of wireless solutions to deliver broadband services.

The Company realized the potential for specialized broadband wireless products to meet the requirements of the telecommunications and industrial markets. The following describes the significant product and business developments over the last three fiscal years:

Fiscal year 2018:

During fiscal 2018, the Company continued to focus on developing and selling solutions into its core vertical markets, including oil & gas, mining, government, military, and telecom service providers.

The oil & gas industry continued to be the largest vertical market for Redline as sales to oil & gas operators outside of North America grew with several large customers expanding and/or replacing their existing networks with Redline Solutions. While sales to this market were dominated by the Company's proven RDL-3000 product line, the Company also realized sales of its private network solution based on their new LTE product to a major mining company and a major oil & gas operator.

The lower cost product line announced in 2017 was a key part of the growth in 2018 of sales to the price-sensitive telecom service provider market, and the Company was successfully awarded a number of orders from customers across the globe.

The Company also moved to capitalize on a market shift in the USA to higher bandwidth products for rural connectivity. The United States Federal Communications Commission ("FCC"), tasked with "encourage[ing] the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans", delivered an update to Congress identifying that a benchmark of 25 Mbps download and 3 Mbps upload is an appropriate measure of "advanced telecommunications capability" for fixed service. Redline's products are well suited to meet this benchmark performance and the Company announced a partnership with Microsoft to promote Redline's TV White Space product to US-based wireless service providers. The Company also developed a subscription-based pricing model for this market, combining an upfront fee with an annual fee, thus generating a recurring revenue stream for Redline.

Early LTE opportunities for the Company continued to progress in the mining, oil & gas and utilities markets. In Q3 2018 the Company announced support for CBRS, spectrum that the FCC has made available for public use under General Authorized Access (GAA) and Priority Access License (PAL). Until this change, the lack of available LTE spectrum had been a significant barrier to the deployment of LTE networks. The Company anticipates that this change will make it easier for businesses to acquire the spectrum necessary to deploy network solutions like those offered by Redline.

In Q1 2018, the company noted global supply constraints associated with many of the components used in its products. Over the course of the year, the Company sought out alternative component suppliers and made engineering adjustments to help compensate for the increased component prices associated with the shortages.

Fiscal year 2019:

In Q1 2019, the Company underwent major changes in its leadership. Effective March 14, 2019, Stephen Sorocky became the Company's new Chief Executive Officer. Mr. Sorocky has been a member of the Company's Board of Directors since June of 2018 and is an accomplished senior technology executive with broad experience in venture capital backed and public company environments.

Mr. Sorocky immediately named two additional executives to the leadership team: Reno Moccia, a seasoned telecom sales executive who had joined Redline in a consulting role in April 2018, and was subsequently promoted to the position of Executive Vice President of Sales and Marketing focusing on North America; and Brad Stimpson, Redline's former Director of LTE Advanced Services, who was promoted to Vice President Engineering. Philip Jones was appointed as the new Chief Financial Officer of the Company in Q4 2019.

In 2019, the Company focused product development to meet the needs of three core vertical markets: oil & gas, mining and utilities. Redline targeted companies in those verticals who could become large, long term customers. Redline's development efforts are being executed in collaboration with existing and potential customers.

LTE remains the cornerstone technology of the Company's product development strategy. In Q2 2019, the Company revised its LTE product development roadmap to support industrial applications leading to the 5G standard. In addition, the Company announced a partnership with Blue Danube to equip Redline radios with an AI-propelled antenna, that work on private LTE networks. This combination can support the special requirements of autonomous vehicles in mining operations.

Redline's business model is focused on private networks but the deployment of such networks in the United States using LTE had been constrained by a lack of available spectrum. In 2018, the FCC announced that some LTE spectrum would be available for use by non-carriers and in late 2018 Redline announced support for the new Citizens Broadband Radio Service ("CBRS") band. In September 2019, the FCC approved a limited number of commercial deployments of this spectrum and full availability is expected in 2020. This change has accelerated the deployment of private LTE networks in the USA and generated additional business for the Company. Redline's goal is to become a market leader in this space.

Fiscal Year 2020

In 2020, Redline was significantly impacted by COVID-19 related customer order and fulfillment uncertainty as access to customer sites was reduced and some sites shut down entirely. Global travel was restricted and the shipment of product across borders was difficult and sometimes impossible. All employees moved to work remotely, with few exceptions, from March 2020 onward.

Redline continues to focus sales, marketing and product development on three core vertical markets – Oil and Gas, Utilities and Mining .

On the R&D front, Redline focused on completing two major projects – a major advancement for our tried and true Virtual Fiber product line, which will allow us to upgrade our existing customer networks with an even more powerful and more modern backbone, and a new LTE product line that has incorporated customer feedback and will allow our customers to extend their backbone networks to include last mile access using standard devices and support for mobility.

The next generation Virtual Fiber product, the RDL 3200, entered its internal beta testing phase in October 2020, producing good results. A customer beta testing program with a global oil and gas company started in December 2020 and the product is expected to be generally available by late summer 2021.

Increased availability of new LTE spectrum (CBRS) continued to drive interest in Redline's LTE products which translated into new LTE contracts late in 2020.

BUSINESS OVERVIEW

Redline develops wireless communications products and solutions for core markets, such as oil & gas, mining and utilities, and other markets such as telecom service providers, military, governments and transportation. Customers in these markets have very demanding requirements and rely heavily on their wireless network to deliver high performance and secure communications over extended periods of time.

Redline's products and services create the communication foundation necessary to deliver enhanced applications and services for its customers. Redline solutions enable reliable and mission-critical voice, data, video, Machine-to-Machine ("M2M") and Internet of Things ("IoT") applications, anywhere people and machines might be located, including very remote or hard-to-reach areas.

For over a decade, Redline has demonstrated that its products are some of the most powerful, versatile, reliable and secure in the industry. These products are the result of Redline's engineering strength, coupled with deep understanding of the markets in which it operates, and intimate understanding of its customers' needs and challenges. The Company produces solutions that are high quality, reliable, secure and versatile.

As part of designing and delivering mission-critical networks, Redline adds to its advanced technology, support for its customers and partners by providing professional services for network design and planning. The Company has invested in its Advanced Services capabilities to ensure that the Redline solutions deliver the value that customers and partners have come to expect. The Company's Advanced Services organization possesses the tools, knowledge, and certifications necessary to work credibly with the customers and partners.

COMPANY MARKETS

Redline enables its customers and partners to build and operate private wireless networks, designed to cost effectively optimize and modernize the way they conduct their businesses. Redline's solutions enable these customers to significantly transform their business with new applications and processes.

- **Oil & Gas:** Driven by a decline in commodity prices, oil & gas companies are changing the way they manage their onshore and offshore operations. Process and application innovations, using advanced extraction technology are assisting oil & gas operators to reduce exploration and production costs. Redline is supporting these initiatives by providing real-time, high-performance onshore and offshore wireless solutions.
- **Mining:** Above and underground mining operations around the world are using advanced technologies and applications to transform their businesses. The global pressure to reduce production costs has reached new levels, forcing companies to implement digital transformation, enabling Smart Mining. Enhanced maintenance, planning and production software is helping mines become more efficient. Autonomous vehicles are set to transform the way these mines operate. These Smart Mining applications require high performance, secure and reliable communications infrastructure. Redline's private industrial LTE (iLTE™) network solutions are ideal for this market.
- **Utilities:** For decades, the electrical utilities have operated in a relatively stable environment with power generation and distribution flowing in one direction, toward the consumers of electricity. The advent of demand-based metering, wind and solar production that fluctuates significantly based on weather is contributing to the need for advance monitoring and control. These dramatic changes are forcing the electric utilities of all sizes to re-engineer, digitize and re-think their business operations. This large-scale transformation will generate a significant need for IOT sensors, smart metering, and control and automation systems. With years of experience and expertise developing and delivering industrial networks, Redline is well positioned to help utilities companies build the networks necessary to connect these systems.

While our product development efforts are focused on the industries above, we do encounter opportunities from the following industries from time to time:

- **Transportation:** Rail companies, fleets, ports and airports all are transforming their operations to enhance safety, efficiency, security and to provide services to their customers and employees. The assets within these organizations may be fixed or mobile. Redline is well positioned in its ability to provide communication technology to cost effectively connect both using its Virtual Fiber™ or iLTE™ private network technology.
- **Governments:** All levels of governments are aspiring to embrace digital transformation with programs such as eGov, Smart City, Video Surveillance, First Responders, Smart Traffic Management and more. The ability to deploy these

solutions in a cost-effective manner using private networks is generating increased demand for Redline products and services.

- **Military:** Military and defense organizations around the world are increasingly choosing Commercially Off-The-Shelf (“COTS”) products, services and solutions to cost-effectively accelerate technology deployment. Redline’s new iLTE™ full mobile wireless solution complements its Virtual Fiber™ technology that has been in use for years by many international military and defense organizations.
- **Telecom Service Providers:** Service providers wishing to deliver high-speed, high-quality wireless broadband access for their business customers continue to rely on Redline’s Virtual Fiber™ technology including TVWS products..

BUSINESS MODEL

Company revenues are generated from the sale of solutions based on the hardware and software it designs, develops and produces through contract manufacturing partnerships. The Company also has a revenue stream from professional services, product maintenance, and support.

TECHNOLOGIES

At the root of the company’s offerings are two complementary radio technology families; Virtual Fiber™ and iLTE™. Redline also now resells a private, secure and robust Push-to-talk (“FlexTALK™ PTT”) solution that integrates with its iLTE™ or can operate in a standalone mode.

- Redline’s Virtual Fiber™ technology has been developed and commercialized by Redline. The Virtual Fiber™ products are available in multiple form factors, spectrum bands and homologated in many countries in which our customers operate.
- Redline’s iLTE™ technology is based on the 3GPP, LTE standard and is interoperable with other 3GPP compliant LTE systems. Redline’s iLTE™ is available in TDD and FDD configurations and is a compelling answer for industrial, government and military organizations wishing to deploy private industrial LTE communications infrastructure.
- Redline currently has 60 patents granted associated with the intellectual property used in the Company’s product line and 5 additional patent applications filed.

Virtual Fiber™ Products

RDL-3000 Family

The RDL-3000 family enables multi-service networks to carry voice, data, video and M2M traffic over wide areas in some of the most challenging conditions. The RDL-3000 products are available in licensed and unlicensed bands spanning 450 MHz to 6 GHz. The products operate in point-to-point (“PtP”) and point-to-multipoint (“PmP”) configurations delivering high-capacity, secure and reliable data transport. The RDL-3000 product line consists of a variety of fit-for-purpose remote devices supporting Fixed, Nomadic and Mobile deployments.

- At base station sites, such as communication towers, building rooftops or offshore platforms, the RDL-3000 sector controller creates coverage over a large geographic area. It manages over-the-air cyber security and traffic scheduling for a large population of remote subscriber devices. Depending on the network/systems design requirements, multiple sectors can be installed at a base station site in order to increase coverage and capacity. The more geography or capacity is required, the more base station sites are needed.
- The RDL-3000 subscriber devices provide transparent TCP/IP connectivity at remote locations. Each subscriber is a fit-for-purpose device with unique features making it highly suitable for the applications it is supporting. For example, an oil & gas well site that currently supports serial SCADA communications can be directly connected to the remote subscriber radio, eliminating the need for an intervening protocol conversion device. At the same time, the radio concurrently supports IP connectivity for other applications such as video monitoring or WiFi. A drilling rig operation can utilize a remote subscriber that has a built-in beam steering antenna system. This eliminates the need for a technician to realign antennas each time the rig site moves to a new location, eliminating down time and reducing unproductive trips for technical staff.

At the core of Virtual Fiber™ is a software-defined radio platform, a technology foundation delivering:

- **High Capacity:** Delivering of up to 435 Mbps of user data, addressing high performance capacity requirements;
- **Long Range:** Optimized modulation techniques enabling very long range connections, which reduces the number of towers necessary to build a wireless infrastructure, where towers are the most expensive part;
- **Low Latency:** Low latency ensures that even the most time-sensitive applications such as Voice Communications or PTZ (Pan-Tilt-Zoom) surveillance cameras can be delivered over wide geographic areas;
- **Spectrum Versatility:** The platform allows Redline to offer the same user experience on a variety of frequency bands operating between 450MHz and 6GHz. This is a significant operational advantage since all interfaces appear the same for users of the devices simplifying training requirements;
- **Spectrum Efficiency:** Delivering an impressive 9.3 bits per second per Hertz of customer payload traffic, the technology makes exceptional use of spectrum;

- **Multiple Channel Sizes:** Wide selection of RF Channel sizes ranging from less than 1MHz through 45 MHz, making the most efficient use of any available spectrum while maximizing capacity. In addition, the very low channel sizes have been instrumental in allowing customers to migrate from competitive products to Redline' Virtual Fiber™ solutions.
- **Reliability and Ruggedness:** Redline's technology delivers products that operate unattended, in harsh environments for years, at temperatures that range from -40 to +75 °C, and in harsh conditions as demonstrated by IP67 compliance and the ability to operate in hazardous zones.
- **Security:** Virtual Fiber™ delivers the FIPS 140.2 security standards required by military and government customers and also delivers the superior ECDSA (Elliptic Curve Digital Signature Algorithms) for strong authentication and authorization.
- **Multi-services:** Multiple business units within a customer's organization can securely share the same Redline Virtual Fiber™ connection. Redline's goal is to maximize the number of business units, applications and device types that can securely share a high-performance connection.

Virtual Fiber™ incorporates the above mission-critical attributes to deliver unparalleled wireless network capabilities for global enterprise, industrial, and government customers.

iLTE™ Products – for Private LTE Networks

Redline's iLTE™ wireless family is a complete 3GPP™ compliant LTE Solution System, ideal for customers wishing to deploy a Private LTE network. The LTE product portfolio includes a simplified Evolved Packet Core ("EPC"), eNodeB Radio Access Network (RAN) to allow LTE compatible user devices (Phones, Notepads, Mobile Routers) access to the private LTE mobile network.

FlexCORE™ is Redline's simplified EPC for eUTRAN Core . It is a powerful EPC Core scaled to satisfy the needs of a Private LTE Network. Although it offers all the required capabilities any large network would need, FlexCORE™ is simple to configure and operate, so the private network operator does not need as much deep and expensive LTE technical expertise, to administer and operate the Private LTE Network.

RDL-6000 is Redline's LTE eNodeB base station. This high-power unit is packaged in a compact, rugged, water and dust resistant enclosure. The small size and durability of the eNodeB make it ideal for critical infrastructure deployments. The eNodeB contains two radio transceivers for 2x2 Multiple Input Multiple Output ("MIMO") configurations. The Band Class variants of the eNodeB offer 3 MHz, 10 MHz, 15 MHz and 20 MHz channels in most of the bands allocated for Private LTE Networks. Redline's RDL-6000 features all-in-one integrated packaging and can be deployed with a wide variety of external high-gain antennas. The extremely low power consumption of the unit combined with simplified installation makes the base station an ideal solution for customers wishing to deploy private LTE networks.

FlexTALK™, Redline's Push-to-Talk ("PTT") solution enables customers to build a complete fully featured PTT over LTE or any IP based network. In addition, it provides an intelligent gateway for up to six concurrent Land Mobile Radio ("LMR") networks, ensuring a risk free, simplified migration path for legacy LMR systems to the powerful FlexTALK™ architecture. The PTT technology enables users to connect amongst themselves regardless of where in the world they may be located.

ADVANCED PROFESSIONAL SERVICES

The Company provides professional services for all stages of the sales cycle and life of the network. Redline's Advanced Professional Services and RedCARE™ are service offerings that customers and partners can rely on to ensure the products deliver the expected performance over the long term. Redline's global team of experts are skilled and experienced to ensure RF planning, deployment, management and maintenance all meet the customers' expectations, supporting the quality brand associated with Redline.

While all services are customizable, the core of Redline's Advanced Professional Services offerings include:

- RF Planning & Site Survey
- 4G Mobile Network Design & Optimization
- Deployment Engineering
- Resident Engineering
- Wireless Network Performance Audit
- Program & Project Management

GO-TO- MARKET STRATEGY

The Company's go-to-market strategy combines marketing events, trade shows, webinars, social media and traditional web and print advertising. To enhance its demand creation, industry validation and relevance in strategic markets, the Company also partners with global industry leaders to jointly market a complete digital transformation solution. Complementing the various demand creation efforts is a network of channel partners, made up of certified integrators and distributors. The Redline channel partners currently operate primarily in three international regions: Americas, Middle East, and Africa. The Company continuously invests in demand creation for its brand, solutions, technologies, products and services through its business development, marketing and field sales organizations. The demand creation efforts ensure that the message, value proposition, capabilities and differentiation of the Redline brand and solutions are very well understood by target customers and partners in all selected geographies and vertical markets.

SALES AND DISTRIBUTION

The Company's sales and distribution strategy leverages a network of Certified Partners, delivering value in the form of services, applications and relationships in the markets and geographies they serve. Redline sales personnel manage the Company's relationships with regional distributors, channel partners and systems integrators. The Company also has a team of sales engineers and a professional services organization that delivers support to partners and its customers both pre and post-sale.

The Company's products are sold in three ways: 1) through a two-tier model that includes Value Added Distributors who distribute the Company's products to the Company's Certified System Integrators responsible for the direct selling and delivery of the Company's products to the operators or enterprises, 2) through a one-tier model using Systems Integrators or VARs directly and 3) for very few strategic end customers, the Company sells its products directly with the intent to bring in Certified Partners where it adds the maximum value to the end customer.

Certified Partners provide Tier 1 support for the Company's products. The delivery, deployment and support for these products are managed by the Certified Partner located in the relevant region while Redline complements the partners' services where they may lack the necessary skills. The sale of post-sale software maintenance and software upgrades is handled both by Certified Partners and/or Redline directly to end customers.

COMPETITIVE ENVIRONMENT

Redline competitors vary by market. In the oil and gas market, Redline competes against other terrestrial wireless solutions, Redline's key differentiators and advantages are related to the deep understanding Redline has of the oil and gas industry, as well as its breadth of fit-for-purpose products, services and certifications and its strong Health, Safety, Environment ("HSE") certifications. Against satellite services, Redline delivers much greater capacity and lower latency at much lower cost.

In the mining market, open pit mining has traditionally been served by Wi-Fi MESH players. However, as customer applications are rapidly evolving towards mobility, capacity requirements are increasing, and latency delays become more critical. Key differentiators offered by Redline's Private LTE solutions includes mobility, advanced security, better RF propagation, and non-line of sight communications.

In other markets, the company competes with a number of wireless equipment providers. However, for customers with mission critical network needs, Redline's combination of spectrum efficiency, range, performance, security, design, advanced professional services and extremely high reliability translates into greater total lifetime value.

RESEARCH AND DEVELOPMENT ACTIVITIES

Redline continues to invest in research and development activities for its two main hardware (radio) technologies as well as its software solutions such as LTE Core and Network Management. The company also has agreements with a number of organizations that provide hardware and software components that are part of the Redline solutions. The majority of R&D activities are performed in-house at the Company's facilities in Markham, Ontario, Canada; and in Craiova, Romania. At times, the Company contracts the services of outside organizations to build engineering prototypes and perform product certifications.

Research and development are focused on the following key areas:

- Commitment to remain a world leader in fixed and nomadic industrial wireless communication solutions with Virtual Fiber™ through new product development and existing product enhancement
- Commitment to sustain leadership in the Private LTE market with iLTE™ through new product development and existing product enhancement
- Commitment to become the world leader in the Private 5G market with i5G™ with the evolution of the iLTE product line into the 3GPP 5th generation of technology

In 2014, Redline purchased the assets of PureWave Technologies, a company that had developed LTE technology that was aligned with Redline's development philosophy of high-reliability in harsh conditions coupled with low power operation.

In 2017, after building on the PureWave assets, Redline released a 3GPP LTE standards-based complete solution connecting 4G devices such as smart phones, tablets, industrial human machine interfaces (HMIs), and Push-To-Talk phones, allowing these devices to send voice, video, data and text messages. Redline's iLTE™ is designed for private industrial and integrated LTE for use in outdoor environments. Redline has developed very rugged, small footprint, high-power LTE base stations, designed to provide complete functionality for mission critical networks in low-density, extensive coverage areas.

In 2019, Research and Development activities put considerable focus on building new LTE bands for use in customer deployments and continued efforts into new product development.

In 2020, Redline continued development of new LTE bands including the creation of the RDL6000-CBRS for Band48 which is well positioned for Private LTE deployment in industrial customer networks in the USA. In parallel, Redline focused on the development of its RDL3200 and RDL6200 product offerings. These products will position Redline to support customers' continued application of virtual fiber networks and for the emerging 5G technologies needed for mission critical industrial networks. Research and development expenses have historically been, and are expected to remain, a significant portion of the Company's overall cost structure as the Company will continue to invest in new product features and new platforms to better serve the current and future needs of its customers.

MANUFACTURING

The Company currently subcontracts the manufacturing of its products. The Company pre-qualifies the contract manufacturers, which includes the examination of the technological skills, production capacity, quality assurance ability and financial strength of each potential contract manufacturer. The Company's contract manufacturers assist the Company in sourcing the raw materials and components to build its products. The Company has been able to and believes it will continue to be able to secure an adequate supply of components to meet its anticipated builds for the next twelve months and is carefully managing the challenges of the current global component supply chain demand and timeline, in part associated with the effects of the COVID 19 pandemic. Redline's contract manufacturer has facilities in both the United States and in Mexico.

PROTECTION OF INTELLECTUAL PROPERTY

In order to protect the Company's proprietary rights in its products and technologies, the Company relies primarily upon confidentiality, non-disclosure and assignment of inventions agreements, as well as a combination of patent, trademark, trade secret, and copyright laws.

The Company has trademark registrations in Canada, the United States and the European Union and several patents granted as well as several patent applications in the United States and Europe. The Company currently has 60 granted patents and 5 patent applications in various stages in the patent process. In addition, the Company typically enters into non-disclosure, confidentiality and assignment of inventions agreements with the Company's employees, consultants and with some suppliers and customers who have access to sensitive information.

The Company's product and service offerings utilize a combination of licensed and company-owned intellectual property. There can be no assurance that the products or processes will not infringe the intellectual property rights of other persons.

HUMAN RESOURCES

As of December 31, 2020, the Company had 105 employees and exclusive contractors in total located at its headquarters in Markham, Ontario, offices in the USA and Romania, and ten other countries around the world. The Company believes that one of its major resources is its highly skilled work force that is in high demand. The Company is adapting to the changing labour market resulting from the accelerating trend to remote work occurring worldwide which is creating both wider competition for talent and wider access to talent.

OPERATIONS AND FACILITIES

The following table sets out certain information regarding our head office premises located in Markham, Ontario and our other leased office premises, all of which are in good standing.

<u>Location</u>	<u>Square Footage</u>	<u>Lease Expiry Date</u>
Markham, Ontario, Canada.....	23,765 sq. ft.	August 31, 2023
Craiova, Romania.....	2,576 sq. ft.	July 31, 2021

RISK FACTORS

The following internal and external risks may affect Redline's operations. We continually monitor and evaluate these risk factors and take action to minimize them; however, as many are outside of our control, it is impossible to completely mitigate these risks.

Disease Outbreaks may negatively Impact the Company

A local, regional, national or international outbreak of a contagious disease, including the COVID-19 pandemic, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of the general population to travel or result in government mandated travel restrictions which would limit the ability of people and good to cross borders could cause staff shortages, reduced customer traffic or delay customer purchase decisions, supply shortages or delays, increased costs and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis, including the COVID-19 pandemic, on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others.

Decreases in Crude Oil and Mineral Prices

Prices for crude oil fluctuate in response to a number of factors beyond our control. The factors that affect prices include, but are not limited to, the following: the actions of the Organization of Petroleum Exporting Countries, world economic conditions, government regulation, political stability in the Middle East and elsewhere, the foreign supply of crude oil, the price of foreign imports, the availability of alternate fuel sources and weather conditions. If the price for crude oil remains low or continues to decrease significantly, there can be no assurance that our customers will be able to allocate sufficient funds to use our products and services or to purchase them on our anticipated timeline.

Prices for minerals, such as gold, silver and copper, fluctuate widely and are affected by numerous factors beyond the Company's control. The factors that affect prices include, but are not limited

to, the following: the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. If mineral prices decrease significantly, there can be no assurance that our customers will be able to allocate sufficient funds to use our products and services or to purchase them on our anticipated timeline

Financial resources

In the future, the Company may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Common Shares and any debt financing, if available, may require restrictions to be placed on any future financing and on operating activities. The Company may be unable to obtain additional financing on acceptable terms if market and economic conditions, our financial condition or operating performance or investor sentiment are unfavourable. An inability to raise further funds may hinder the Company's ability to continue and grow in the future.

Economic and geopolitical uncertainty may negatively affect Redline's business

The market for Redline's products depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company's control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries or the civil and social unrest seen in the Middle East can create geopolitical uncertainties that may affect the global economy in general and Redline's business in particular. Downturns in the economy or geopolitical uncertainties may cause customers to delay or cancel projects, reduce their overall capital or operating budgets or reduce or cancel orders for the Company's products, which could have a material adverse effect on the business, results of operations and financial condition. Cash receipts and payments in and out of certain jurisdictions may be delayed due to anti-money laundering banking regulations. Further, a significant portion of Redline's business is conducted in developing countries where these risks are more significant than in developed countries. The markets that the Company participates in may not grow as expected or at all.

Inventory risks

To ensure that the Company is able to meet customer demand for products, the Company places orders with its subcontractors and suppliers based on the Company's estimates of future sales. If actual sales differ materially from these estimates inventory levels may be too high, and inventory may become obsolete and/or over-stated on the Company's statement of financial position. This would require the Company to write off inventory, which adversely affects the results of operations. Insufficient inventory may delay deliveries to customers, impacting revenue, including loss of orders.

Demand for Redline's products

The Company's products and systems are used by oil & gas and mining companies, utilities, telecom service providers, local and state governments, and other large enterprises. Some of these are emerging companies with unproven business models. The markets that the Company participates in may not grow as expected or at all. If the Company does not maintain or increase its share of the broadband wireless equipment and specialized cellular network markets, the business will suffer. In addition, new markets that the Company attempts to penetrate may not

become substantial commercial markets. There is no guarantee that our products will remain competitive, nor that they will respond to market demands, developments or new industry standards. If the Company is unable to identify a shift in market demand quickly enough, we may not be able to develop products to meet those new demands or bring them to market in a timely manner.

Product obsolescence

Market changes could render Redline's products and technologies obsolete or subject them to intense competition by alternative products or technologies or by improvements in existing products or technologies. For example, the broadband wireless equipment market may stop growing as a result of the deployment of alternative technologies that are constantly improving, such as DSL, cable modem, fibre optic, coaxial cable, satellite systems, next generation cellular systems or otherwise. New or enhanced products developed by other companies may be technologically superior to the Company's products, and limit its addressable market, or render its products obsolete. The Company may experience difficulties in the introduction of new or enhanced products, which could result in reduced sales, unexpected expenses or delays in the launch of new or enhanced products. The Company's inability to develop products that are competitive in technology and price and that meet customer needs could have a material adverse effect on the business, financial condition or results of operation.

Long uncertain sales cycles

The sales cycle for most of the Company's products encompasses significant technical evaluation and testing by each potential purchaser and a commitment of significant cash and other resources. The sales cycle can extend for greater than one year from initial contact with a customer to receipt of a purchase order. This time-frame may be extended due to, among other reasons, a customer's need to obtain financing to purchase systems incorporating the products, delays in the licensing of spectrum for these services and other regulatory hurdles. As a result of the length of this sales cycle, revenues may fluctuate from time to time and fail to correspond with associated expenses, which are largely based on anticipated revenues. In addition, the delays inherent in the sales cycle of the products raise additional risks of customers cancelling or changing their product plans. The Company's revenues will be adversely affected if a significant customer, or significant potential customer, reduces, delays or cancels orders during the sales cycle of the products or chooses not to deploy networks incorporating the Company's products. Any such fluctuation in revenue or cancellation of orders could affect the operations of the Company.

Competition

Many companies compete with Redline in the broadband wireless equipment market in which the Company sells its products. The Company expects that competition will increase in the future both with respect to products that the Company currently offers and products that the Company intends to introduce in the future. In addition, some, or all, of the systems integrators and other strategic partners to which the Company sells its products could develop the capability to manufacture systems similar to the Company's products independently. Redline expects its competitors to continue to improve independently the performance of their current products and to introduce new products or new technologies that may supplant or provide lower cost alternatives to the Company's products or products with better performance. The Company also expects its competitors to continue to improve their technologies and products which might negatively impact the Company pricing strategy, cause the Company to lose some of its customers or prevent the Company from penetrating new markets.

In addition, many of the Company's competitors and potential competitors have significantly greater financial, technical, marketing and/or service resources than Redline and/or have greater geographical reach to existing and prospective customers. Many of these companies also have a larger installed base of products, longer operating histories or greater name recognition than the Company currently has. The Company's relatively small size and short operating history may be considered negatively by prospective customers. In addition, the Company's competitors may be able to respond more quickly than the Company can to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others. By doing so, they may increase their ability to meet the needs of Redline's potential customers. The Company's current or prospective indirect channel partners may establish cooperative relationships with current or future competitors. These relationships may limit the Company's ability to sell its products through specific distribution channels. Accordingly, new competitors or alliances among current and future competitors may emerge and rapidly gain significant market share. These developments could limit the Company's ability to obtain revenues from new customers and to maintain maintenance revenues from the Company's installed customer base.

Ability to retain and attract key personnel

Redline's future success depends, in part, on the continued service of key personnel. If one or more of the Company's key technical, sales or management personnel terminates his or her employment, the Company's business and results of operations could be harmed. The Company's employees are not obligated to remain employed by the Company for any specific period. In addition, payroll is a significant portion of the Company's operating costs, so Redline will be required to manage such expenses relative to the revenues generated by the Company.

Dependence on Value Added Distributors, OEMs and System Integrators

The success of the sales of Redline's broadband wireless products currently depends in part on existing relationships with value added distributors, OEMs and other system integrators.

Any changes in the distribution and sales channels of the Company's products, particularly the loss of a major distributor or the inability to establish effective distribution and sales channels for new products will impact the Company's ability to sell its products and result in a loss of revenues. The Company is dependent upon the acceptance of its products by the market through the distributors' efforts in marketing and sales. In some cases, arrangements with distributors do not prevent them from selling competitive products and those arrangements do not contain minimum sales or marketing performance requirements. These distributors may not give a high priority to marketing and supporting the Company's products. Changes in the financial condition, business or marketing strategies of these distributors could have a material adverse effect on the Company's results of operations.

Operating internationally

While the Company is headquartered in Canada, most of the Company's sales are generated elsewhere around the world. The Company's products are manufactured and marketed internationally, and the Company is therefore subject to certain risks associated with international sales, including trade restrictions, tariffs and export license requirements, currency fluctuations, greater difficulty in safeguarding intellectual property and difficulties in managing overseas subsidiaries and international operations. The Company is also at risk of the impacts of political uncertainty, social unrest, corruption, terrorism and pandemics in these areas. In particular, trade war escalations may negatively impact the Company's sales and gross profits.

Change management

Managing organizational change has significantly strained the Company's management, operational and financial resources. Any future growth, including mergers and acquisitions, may increase the strain on the management, operational and financial resources. If the Company does not succeed in managing growth effectively, the Company may not be able to meet the demand, if any, for its products and it may lose sales or customers, harming its business, financial condition and results of operations.

Rapid technological change

The markets for the Company's products, and the technologies utilized in the industry in which the Company operate, evolve rapidly. The Company relies on key technologies, including wireless LAN, wireless packet data, orthogonal frequency division multiplexing, or OFDM, time division multiplexing, modem and radio technologies and other technologies, which the Company has been selling for several years, as well as WiMAX™ technology and CDMA, 3GPP™ and LTE™ products. The technologies utilized by the Company may be replaced with alternative technologies.

Use of proprietary technology

The Company has developed and continues to develop products with proprietary technology, which is applied to Point-to-Point ("PTP") and Point-to-Multipoint ("PmP") fixed or nomadic wireless networks. Although this technology complements standard-based wire technologies such as Wi-Fi™ and LTE™, the market may demand only standards-based products for interoperability and as such the Company may experience difficulties in adoption of its products or limits to its addressable market.

Standardization

Standardization of product features may increase the number of competitive product offerings. Furthermore, the Company's competitors may also attempt to influence the adoption of standards that are not compatible with Redline's products. Standardization also results in lower average selling prices. Increased competition, direct and indirect, has resulted in, and is likely to continue to result in, reductions of average selling prices, shorter product life cycles, reduced gross margins, longer sales cycles and loss of market share and, consequently, could adversely affect the Company's sales and profitability.

Regulatory risk

The Company's products are premised on the availability of certain radio frequencies for two-way broadband communications. Radio frequencies are subject to extensive regulation under the laws of each country and international treaties. Each country has different regulation and regulatory processes for wireless communications equipment and uses of radio frequencies. In addition, there are regulatory bodies that act to harmonize spectrum among countries, a factor that may influence the Company's products that operate in a particular frequency. In many countries the unavailability of radio frequencies for two-way broadband communications has inhibited the growth of these networks. The process of establishing new regulations for broadband wireless frequencies and allocating these frequencies to operators is complex and lengthy. In addition, the Company may be subject to certain European directives like WEEE (Waste Electrical and Electronical Equipment) and ROHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment).

Reliance on third party manufacturers

If the operations of the Company's component suppliers or contract manufacturers are halted, even temporarily, the Company may experience business interruption, increased costs, loss of

goodwill and loss of customers. Because the Company out-sources the manufacturing of its products, the Company is required to place manufacturing orders well in advance of the time when it expects to sell these products. In the event that Redline orders the manufacture of a greater or lesser amount of these products, the Company may be required to purchase the surplus products or to forego or delay the sale or delivery of the products that were not ordered in advance. In either case, the Company's business, financial condition or results of operations may be adversely affected. Any of these risks could result in manufacturing delays or increases in manufacturing costs and expenses. If the Company experiences manufacturing delays, the Company could lose orders for products and, as a result, lose customers. There may be an adverse effect on the Company's profitability and consequently on the results of operations if the Company incurs increased costs.

Product defects/liability

Products like Redline's sometimes contain undetected errors. These errors can cause delays in product introductions or require design modifications. In addition, the Company is dependent on unaffiliated suppliers for key components incorporated into its products. Defects in systems in which the Company's products are deployed, whether resulting from faults in the Company's products or products supplied by others, may result in customer dissatisfaction. The Company is continually marketing several new products. The risk of errors in these new products, as in any new product, may be greater than the risk of errors in established products. The warranties for the Company's products permit customers to return for repair, within a period of 12 months of purchase, any defective products. Any failure of a system in which the Company's products are deployed (whether or not these products are the cause), any product recall and any associated negative publicity could result in the loss of, or delay in, market acceptance of the products and harm the business, financial condition and results of operations. Although the Company attempts to limit its liability for product defects to product replacements, the Company may not be successful, and customers may sue the Company or claim liability for the defective products. A successful product liability claim could result in substantial cost and divert management's attention and resources, which could have a negative impact on the financial condition and results of operations.

Ability to protect intellectual property rights

Redline's success and ability to compete will depend, to a large extent, on maintaining the Company's proprietary rights and the rights that the Company currently licenses or will license in the future from third parties. In order to protect the Company's proprietary rights in its products and technologies, the Company relies primarily upon confidentiality, non-disclosure and assignment of inventions agreements, as well as a combination of patent, trademark, trade secret, and copyright laws. The Company also has several trademark registrations associated with the Company name and some of the Company products. These measures may not be adequate to protect the Company's technology from third party infringement. The Company's competitors may independently develop technologies that are substantially equivalent or superior to the Company's technology. Third party patent applications filed earlier may block the Company patent applications or receive broader claim coverage. In addition, any patents issued to the Company, if issued at all, may not provide it with significant commercial protection. Third parties may also invalidate, circumvent, challenge or design around the Company's patents or trade secrets, and its proprietary technology may otherwise become known or similar technology may be independently developed by competitors. Additionally, the Company's products may be sold in foreign countries that provide less protection to intellectual property than that provided under Canadian laws. Failure to successfully protect intellectual property from infringement may

damage the Company's ability to compete effectively and harm the business, financial condition or results of operations.

Infringement on the intellectual property rights of others

Redline's commercial success depends, in part, upon the Company not infringing intellectual property rights owned by others. A number of the Company's competitors and other third parties have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of the patents. The Company cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require the Company to alter the Company's technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that the Company's technology infringes their intellectual property rights due to the growth of products in the Company's target markets, the overlap in functionality of these products and the prevalence of products. Aggressive patent litigation is not uncommon in the industry and this can be disruptive.

The Company may receive in the future claims from third parties asserting infringement and other related claims. Litigation may be necessary to determine the scope, enforceability and validity of such third party proprietary rights or to establish the Company's proprietary rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company has, and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company can. Regardless of their merit, any such claims could:

- be time consuming to evaluate and defend;
- result in costly litigation;
- cause product shipment delays or stoppages;
- divert the attention and focus of management and technical personnel away from the business;
- subject the Company to significant damages;
- subject the Company to significant other liabilities, including liability to indemnify end-customers pursuant to standard contractual indemnities entered into by the Company in favour of those customers;
- require the Company to enter into costly royalty or licensing agreements; and
- require the Company to modify, rename or stop using the infringing technology.

The Company may be prohibited from developing or commercializing certain technologies and products unless the Company obtains a license from a third party. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, the Company's business, results of operations and financial condition could be materially adversely affected, and the Company could be required to cease related business operations in some markets and to restructure the Company's business to focus on operations in other markets.

Moreover, license agreements with third parties may not include all intellectual property rights that may be issued to or owned by the licensors, and future disputes with these parties are possible. Current or future negotiations with third parties to establish license or cross license arrangements, or to renew existing licenses, may not be successful and the Company may not be able to obtain or renew a license on satisfactory terms or at all. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result.

Health and safety

In recent years, there has been publicity regarding the potentially negative direct and indirect health and safety effects of electromagnetic emissions from cellular telephones and other wireless equipment sources, including allegations that these emissions may cause cancer. Redline's wireless communications products emit electromagnetic radiation. Health and safety issues related to the Company's products may arise that could lead to litigation or other actions against the Company or to additional regulation of the Company's products. The Company may be required to modify its technology and may not be able to do so. The Company may also be required to pay damages that may reduce profitability and adversely affect the Company's financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Company's ability to market these products and, in turn, could harm the business and results of operations.

System Availability and Cyber Security

The Company relies on information technology networks and systems to process, transmit, and store electronic information. Any disruption or interruption to the Company's information systems or communications networks or those of third-party providers on which the Company relies could negatively affect the Company's ability to deliver products or services to customers for an indeterminate period of time. In the event of a catastrophic event with respect to one or more of its systems, the Company may experience an extended period of system unavailability, which could negatively impact its relationship with customers. Our products and services may not function properly for reasons which may include, but are not limited to, the following: sabotage, cyber-attacks, denial-of-service attacks; system or network failure; software errors, failures and crashes; interruption in the supply of power; virus proliferation, ransomware, or malware; communications failures; information or infrastructure security breaches; and earthquakes, fires, floods, natural disasters, or other force majeure events.

Terrorism, Pandemics, Social Unrest and Political Uncertainty

The financial, political, economic and other uncertainties following terrorist attacks, pandemics, social unrest or political changes throughout the world have led to a challenged global economy. As a result, many of the Company's customers and potential customers have become much more cautious in setting their capital expenditure budgets, thereby restricting their telecommunications procurement. Uncertainties related to the threat of terrorism, pandemics, social unrest or political uncertainty have had a negative effect on the global economy, causing businesses to continue slowing spending on communications products and services and further lengthen already long sales cycles. Any escalation of these threats or similar future events may disrupt the Company's operations or those of the Company's customers, distributors and suppliers, which could adversely affect the business, financial condition and results of operations.

Seasonality and Cyclicity

Occasionally our business may be impacted by the general cyclical and seasonal nature of the industries and geographies we serve, including but not limited to religious and weather-related events, legal / regulatory requirements and customer financial budget constraints. Such factors could have an adverse effect on our business, results of operations and financial condition.

Share Price Volatility

The trading price of our common shares may be subject to fluctuation in the future. This may make it more difficult for investors to resell common shares at an attractive price. Increases in common share price may also increase our compensation expense pursuant to our existing director, officer and employee compensation arrangements. Increases in common share price will impact the fair value of certain financial and derivative instruments. Fluctuations in our

common share price may be caused by events unrelated to our operating performance and beyond our control. Factors that may contribute to fluctuations include, but are not limited to:

- Revenue or results of operations in any quarter failing to meet the expectations, published or otherwise, of the investment community;
- Changes in recommendations or financial estimates by industry or investment analysts;
- Changes in management or the composition of our board of directors;
- Outcomes of litigation or arbitration proceedings;
- Announcements of technological innovations or acquisitions by us or by our competitors;
- Introduction of new products or significant customer wins or losses by us or by our competitors;
- Developments with respect to our intellectual property rights or those of our competitors;
- Fluctuations in the share prices of other companies in the technology and oil & gas sectors;
- General market conditions; and
- Other risk factors set out in this report.

If the market price of our common shares drops significantly, shareholders could institute securities class action lawsuits against us, regardless of the merits of such claims. Such a lawsuit could cause us to incur substantial costs and could divert the time and attention of our management and other resources from our business.

Earnings Volatility

Our results of operations may vary from quarter to quarter in the future due to a variety of factors, many of which are outside of our control. Such factors include, but are not limited to:

- Fluctuations in the demand for our services and products:
- The termination of any key customer contracts, whether by the customer or by us;
- Volatility or fluctuations in foreign currency exchange rates;
- Recognition and expensing of deferred tax assets;
- Legal costs incurred in bringing or defending any litigation with customers or third-party providers, and any corresponding judgments or awards;
- Legal and compliance costs incurred to comply with regulatory requirements;
- The impact of share-based compensation expense;
- Price and functionality competition in our industry;
- Changes in legislation and accounting standards;
- Our ability to satisfy contractual obligations in customer contracts and deliver services and products to the satisfaction of our customers; and
- Other risk factors discussed in this report.

Although our revenues may fluctuate from quarter to quarter, significant portions of our expenses are not variable in the short term, and we may not be able to reduce them quickly to respond to decreases in revenues. If revenues are below expectations, this shortfall is likely to adversely and/or disproportionately affect our operating results.

DIVIDEND POLICY

The Company considers itself to be in a growth stage. Accordingly, the Company has not paid and does not anticipate paying dividends in the near future and will instead use available earnings to grow and improve the Company's business. Notwithstanding the foregoing, there are no restrictions that would prevent the Company from paying dividends or distributions.

The declaration and payment by the Company of any future dividends on the Common Shares will depend on the results of the Company's operations, financial condition, cash requirements and prospects, the distributable cash reserves of the Company and other factors deemed by us to be relevant at the time.

CAPITAL STRUCTURE

RCGI's authorized share capital consists of an unlimited number of Common Shares of which 17,215,469 Common Shares are issued and outstanding on the date hereof. The holders of the Common Shares are entitled to one vote at meetings of shareholders of the Company for each Common Share held and to receive dividends if, as, and when declared by the Board. Holders of Common Shares are entitled to share rateably in the remaining property or assets of the Company in the event of the Company's liquidation, dissolution or winding-up.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Company's Common Shares trade on the TSX under the symbol "RDL".

The price range in Canadian dollars and monthly volume traded for the financial year ending December 31, 2020 were as follows:

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume (#)</u>
January	\$ 1.36	\$ 1.12	433,900
February	\$ 1.35	\$ 1.07	45,700
March	\$ 1.28	\$ 0.75	29,000
April	\$ 0.83	\$ 0.50	46,000
May	\$ 1.00	\$ 0.58	47,400
June	\$ 1.05	\$ 0.84	73,600
July	\$ 1.00	\$ 0.80	28,100
August	\$ 0.80	\$ 0.69	58,200
September	\$ 0.71	\$ 0.42	50,200
October	\$ 0.47	\$ 0.33	218,900
November	\$ 0.63	\$ 0.34	523,300
December	\$ 0.51	\$ 0.42	353,900

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, no Common Shares are subject to a contractual restriction on transfer, and no shares are held in escrow.

DIRECTORS AND OFFICERS

The following table sets forth the names, municipalities of residence, positions held with and principal occupations of the Company's directors and executive officers and, if a director, the month and year in which the person first became a director. The Company's directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of the Company's shareholders.

Name and Municipality of Residence	Position with Company	Principal Occupation	Director Since
<i>D. Neil McDonnell British Columbia, Canada</i>	<i>Chairman of the Board and Director ⁽¹⁾ ⁽²⁾</i>	<i>President and CEO, Javini Holdings Co.</i>	<i>June 2019</i>
<i>Ronan McGrath Ontario, Canada</i>	<i>Director ⁽¹⁾ ⁽²⁾</i>	<i>Corporate Director</i>	<i>August 2020</i>
<i>Dr. Amiee Chan British Columbia, Canada</i>	<i>D Director ⁽¹⁾ ⁽²⁾</i>	<i>President and CEO of Norsat International</i>	<i>November 2020</i>
<i>Stephen Sorocky Ontario, Canada</i>	<i>Director & Chief Executive Officer ⁽³⁾</i>	<i>Chief Executive Officer of the Company</i>	<i>June 2018</i>
<i>Philip Jones Ontario, Canada</i>	<i>Chief Financial Officer ⁽⁴⁾</i>	<i>Chief Financial Officer of the Company</i>	<i>N/A</i>

Notes:

1. Member of Audit Committee
2. Member of Compensation, Governance and Nomination Committee
3. Mr. Sorocky was appointed Chief Executive Officer, effective March 14, 2019.
4. Mr. Jones was appointed CFO on November 12, 2019.

As at the date hereof, the directors and executive officers of the Company, collectively own or control, directly or indirectly, an aggregate of 119,000 Common Shares or approximately 0.69% of the outstanding Common Shares of the Company.

BIOGRAPHIES

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

D. Neil McDonnell. is the President of Javini Holdings and is a recognized leader in the Canadian technology space. He is currently Chair of Photon Control Inc., Chair of Nanotech Securities, Chair of Quorum Information Systems, Chair of One45 Software and Director of Shiftboard. He has also served in numerous board and senior executive roles including past Chair BasicGov Systems, SchedulePro Software, Agreement Express and QHR Technologies, Executive Chair of ResponseTek Networks, Director of Aprio, Espial Group Inc., and Symbility Solutions Inc., CEO of Wurldtech Security Technologies Inc., Audit Chair and Director of TitanStar Properties

Inc., Director of British Columbia Lottery Corporation and Board Advisor to ICBC. Mr. McDonnell holds a Master of Business Administration from the University of British Columbia and a Bachelor of Commerce from the University of Toronto.

Ronan McGrath is an investor and corporate director. He also consults on strategic issues to major technology companies. Mr. McGrath is currently a Director and Audit Committee Chair of Photon Control Inc. Mr. McGrath is also currently a Director and Audit Committee Chair of Nanotech Security Corp., and has previously served as Lead Director and Audit Committee Chair of Symbility Solutions Inc. He is the former Chief Information Officer of Rogers Communications Inc. and former President of Rogers Shared Operations. He was responsible for the team that restructured the alliance between Rogers and Microsoft in July 1999. Prior to his role at Rogers, Mr. McGrath was the Chief Information Officer of Canadian National Railway Company, responsible for the complete rebuild of its information technology capability, the restructuring of the company, and the development of the initial strategic review of the company's future that led to privatization of the company. He was awarded the Chief Information Officer of the Year award in Canada in 1995, has served in the past on the advisory boards of a number of technology companies, including Compaq Computer Corporation and Lotus Development Corporation, and is a past Chair of the Information Technology Association of Canada (ITAC). Mr. McGrath, a Chartered Accountant, is a graduate in Business Administration at Trinity College, Dublin.

Dr. Amiee Chan, is the President and CEO of Norsat International Inc. Dr. Chan has over 15 years of experience in executive management and research & development in the telecommunications industry. Dr. Chan's strategic vision has driven Norsat's innovative product development program and resulted in consistent revenue growth since her appointment as CEO in 2006. Dr. Chan has been inducted into the Women's Executive Network Top 100 Award Winner Hall of Fame, ranked in PROFIT/Chatelaine's list of Top Female Entrepreneurs, and led Norsat to win a BC Export Award for Advancing Technology & Innovation. Dr. Chan holds an Executive MBA from Simon Fraser University where she majored in Strategy and New Ventures and a Ph. D. in Satellite Communications from the University of British Columbia. She has been published over a dozen times, and holds three US patents. Dr. Chan is on the board of directors for Mitacs, a member of the UBC Engineering Advisory Council and a member the Dean's External Advisory Board for the Beedie School of Business at SFU.

Stephen Sorocky. Mr. Sorocky is the Chief Executive Officer of the Company and a Director. Mr. Sorocky is an accomplished senior technology executive with broad experience in venture capital backed and public company environments. He founded Exigent Innovations Inc. in 2009, a technology company development consultancy. He served on the Board of the Ontario Telemedicine Network (telecommunications technology to provide clinical health care) from 2008-2014 and was re-appointed as Vice-Chair in 2017. Mr. Sorocky served on the Board of the Canadian Commercial Corporation from 2007 to 2019 (a \$2.5 Billion Crown Corporation facilitating international trade) where he chaired the Human Resources and Governance Committee and was Interim Board Chair from 2016-2018. He served previously as CEO and Director of Skytrac Systems Ltd., an avionics and data services company, President & CEO of LxData Inc. an oil & gas instrumentation developer, and President & CEO and Director of Virtek

Vision International Inc. (TSE:VRK), a laser systems company. Mr. Sorocky received an MBA in International Finance and International Business from McGill University, and a B.A.Sc. in Aerospace Engineering from the University of Toronto. He is a Professional Engineer and holds the Chartered Director designation.

Philip Jones, CPA, CA, CF. Mr. Jones is the Chief Financial Officer of the Company. Mr. Jones brings over 20 years of financial experience, providing leadership in company's ranging from start-ups to multinational organizations primarily in technology sectors. Philip joined Redline in October 2019 having previously held CFO roles at Maru Group, Mundo Inc and Leonardo Worldwide where he was actively involved in operations, capital raising, international M&A and expansion, investor relations, financial planning and reporting. Philip began his professional career with PricewaterhouseCoopers LLP in 1996. He is a CPA, CA, CF (Corporate Finance) from CPA Ontario and holds a Bachelor's Degree in Economics from the University of Western Ontario.

CEASE TRADE ORDERS AND BANKRUPTCIES, PENALTIES AND SANCTIONS

None of the directors or executive officers of RCGI is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as director, chief executive officer or chief financial officer.

Except as noted below, none of the directors or executive officers of RCGI, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company:

- a) is as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or officer of any company (including the Company) that, while such 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, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company; or

b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Philip Jones was an executive officer of Mundo Media Ltd. (“**Mundo**”), a Canadian advertising technology company that offers mobile marketing solutions, from October 2009 to October 2018. Mundo was placed into receivership on April 9, 2019 pursuant to a Court Order (the “**Order**”) issued by the Ontario Superior Court of Justice (Commercial List). The Order provides for a stay of proceedings against Mundo, including in respect of liabilities owing by Mundo as of the date of the Order.

None of the directors or executive officers of RCGI, or to the best of the Company’s knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

To RCGI’s knowledge, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest between RCGI, or its subsidiaries and any director and officer of RCGI or its subsidiaries, as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and its subsidiaries and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Redline, there are no legal proceedings to which Redline is a party or to which its property is subject, nor was there any such proceeding as of December 31, 2020.

To the knowledge of Redline, there are no penalties or sanctions imposed against Redline relating to securities legislation or by a securities regulatory authority as of December 31, 2019; any other material penalties or sanctions imposed by a court or regulatory body against Redline; or any settlement agreements entered into by Redline before a court relating to securities legislation or with a securities regulatory authority as of December 31, 2020.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the outstanding Common

Shares or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., and may be contacted at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 General Shareholder Inquiries by phone: 1-800-564-6253 (toll free North America – International 514-982-7555), by fax at 1-888-453-0330 (outside of North America at 416-263-9394) or by email at service@computershare.com.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts which the Company has entered into in the past financial year, or entered into before the most recently completed financial year but still in effect, which may be regarded as material are as follows, all of which are available on www.sedar.com.

GOVERNMENT OF ONTARIO LOAN

In June 2009, the Company signed a Loan Agreement (the "Loan Agreement") with Ontario to support the ongoing development of certain products. All of the conditions precedent to funding were completed in June 2009, including Redline agreeing to invest a total of approximately Cdn. \$49,000,000 in the development of certain products prior to December 31, 2011. Subject to the terms and conditions of the Loan Agreement, Ontario agreed to provide Redline with a non-revolving term loan (the "Loan") in the maximum aggregate amount of Cdn. \$10,000,000. The Loan disbursement was subject to the achievement of certain milestones and deliverables prior to December 31, 2011.

On October 5, 2012, the agreement was amended ("Amending Agreement") to release a first ranking on accounts receivable in exchange for Cdn. \$750,000 principal repayment by the Company at closing and Cdn. \$500,000 principal repayment in October 2014. The Amending Agreement also included the reduction in the total investment commitment from approximately \$49,000,000 to \$43,000,000 without further drawdown against the Loan. The date in which the total investment was to be completed was also amended from December 31, 2011 to June 30, 2013.

In accordance with the Loan Agreement, the principal amount of the Loan, calculated from the date of disbursement until repaid in full, shall bear interest at the rate of up to 4.15% per annum. The Loan Agreement provides two distinct periods for the repayment of principal and the payment of interest:

The Agreement provides two distinct periods for the repayment of principal and the payment of interest:

- (i) Five years ended on June 30, 2014 (the "Incentive Period"). During the Incentive Period principal and interest was not due and the interest rate of 4.15% was

proportionately reduced based upon the achievement of certain performance criteria defined in the Loan Agreement. Upon achievement of 100% of the performance criteria, the interest accrued and unpaid during the Incentive Period would become fully forgiven. An amendment in October 2012 provided for the forgiveness of interest accrued during the first three years of the incentive period equivalent to approximately \$692,000 (Cdn. \$678,000). Based on the Company's achievement against the performance criteria, interest accrued during the final two years of the Incentive Period was ratably forgiven, equivalent to approximately \$221,000 (Cdn. \$287,000).

- (ii) Five years ending on June 30, 2019 (the "Post-Incentive Period"). During the Post-Incentive Period, principal in the amount of 20% of the Loan balance on June 30, 2014, together with accrued interest from the first day of the Post-Incentive Period, is due and payable in four annual installments on or before July 30th of each of the years 2015 to 2018. The remaining outstanding principal of the Loan and accrued interest thereon was due and payable on or before July 30, 2019. The first principal repayment in the Post-Incentive Period was paid on the revised due date of October 1, 2015. The second, third, and fourth principal repayments were paid on the revised due dates of February 28, 2017, February 28, 2018, and February 28, 2019, respectively. Ontario agreed to reschedule the fifth principal repayment to March 2, 2020.

As at December 31, 2020, the amount payable under the Loan is nil as the loan was fully repaid on March 2, 2020 in accordance with the loan agreement (December 31, 2019: \$716,832 (Cdn. \$931,021)) (December 31, 2018: \$1,364,935 (Cdn. \$1,862,045)) and is comprised of advances under the Loan Agreement of \$692,731 (Cdn. \$899,719) (December 31, 2018: \$1,319,044 (Cdn. \$1,799,439)) and accrued interest of \$24,101 (Cdn. \$31,302) (December 31, 2018: \$45,892 (Cdn. \$62,606)).

INTEREST OF EXPERTS

The Company's auditor is KPMG LLP, 100 New Park Place, Suite 1400, Vaughan, Ontario, L4k 0J3. KPMG LLP has confirmed that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information regarding the Company generally is available at the Company's website at www.rdlcom.com and on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for

issuance under the Company's equity compensation plans is contained in the information circular relating to the Company's most recent annual general meeting of shareholders and updated information will be contained in the Company's information circular to be distributed in advance of the next annual general meeting of shareholders.

Additional financial information, including the Company's consolidated audited financial statements for the fiscal year ended December 31, 2020, is provided in the Company's year-end consolidated financial statements, the notes thereto, auditor's report thereon and accompanying fiscal 2020 MD&A. A copy of all such documents can be found on SEDAR at www.sedar.com and may be obtained from Redline Communications Group Inc., 302 Town Centre Boulevard, 4th Floor, Markham, Ontario L3R 0E8, E-mail: IR@rdlcom.com

CORPORATE GOVERNANCE

The Board has three committees: an audit committee, a compensation committee, and corporate governance & nominating committee, each of which will have duties and responsibilities delegated by the Board. Each committee is comprised entirely of independent directors within the meaning of Multilateral Instrument 52-110.

Audit Committee:

A copy of the Audit Committee's Charter is attached to this AIF as Appendix "A".

The Audit Committee is presently composed of Ronan McGrath (Chair), Amiee Chan, and D. Neil McDonnell. All the members of the Audit Committee meet the independence criteria set out in Multilateral Instrument 52-110 – Audit Committees.

Each member of the Audit Committee has extensive business experience which provides them with the skills and background necessary to discharge their responsibilities as a member of the Audit Committee (See detailed biographies on pgs. 25 to 27)

The following table is a summary of aggregate fees (\$CDN) billed for services provided by the Company's auditors, in each of the previous three fiscal years:

	FY 2020	FY 2019 ⁽⁵⁾	FY 2018	FY 2017
Audit Fees ⁽¹⁾	\$ 149,158	\$ 207,346	\$ 209,250	\$ 192,602
Tax Fees ⁽²⁾	\$ 69,698	\$ 19,280	\$ 33,590	\$ 33,504
Audit Related Fees ⁽³⁾	\$ -	\$ -	\$ 10,800	\$ -
All Other Fees ⁽⁴⁾	\$ 2,032	\$ 25,000	\$ 25,000	\$ 25,000

(1) These fees include professional services provided by the external auditors for the statutory audit of the annual financial statements.

(2) These fees relate to professional services for tax consultation and compliance services.

(3) These fees include professional services related to the adoption of International Financial Reporting Standards

(4) These fees relate to amounts for services other than the audit fees, audit-related fees and tax fees described above.

(5) KPMG LLP was appointed as the auditor of the Company on September 26, 2019. FY 2019 column shows the aggregate amounts of fees billed by KPMG LLP and by the previous auditor BDO Canada LLP.

Compensation, Governance and Nominating Committee:

The Compensation committee and the Governance and Nominating committee were combined following the August 2020 Annual General Meeting. The Committee makes recommendations to the Board with a view to ensuring that the executive officers and other key employees are fairly rewarded for their overall contribution and performance. The Committee also develops the Company's approach to corporate governance issues, advises the Board in filling vacancies on the Board and periodically reviews the composition and effectiveness of the Board and the contribution of individual directors. The committee also supervises the Company's written corporate disclosure and insider trading policies. The Compensation Committee consists of D. Neil McDonnell (Chair), Ronan McGrath and Amiee Chan.

APPENDIX "A"
REDLINE COMMUNICATIONS GROUP INC.
AUDIT COMMITTEE CHARTER

SECTION 1 ROLE AND PURPOSE

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Redline Communication Group Inc. (the "Company"). The function of the Committee is to assist the Board in fulfilling their responsibilities to the stakeholders, securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("MD&A") and, potentially, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;
- (c) recommending the appointment and compensation of the Company's external auditor;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section 4 of this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with International Financial Reporting Standards ("IFRS"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

SECTION 2 COMPOSITION OF COMMITTEE

- (a) The Committee shall have a minimum of three members;
- (b) Every Committee member must be a director of the Company. The Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of MI 52-110 of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee;
- (c) All members of the Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of applicable securities laws. Committee members may enhance their familiarity

with finance and accounting by participating in educational programs conducted by the Company or an outside consultant;

- (d) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership; and
- (e) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

SECTION 3 MEETING PROCEDURES

(a) Time

- The Committee shall meet at least four (4) times annually, or more frequently as circumstances require. The Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.
- The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate.
- In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.

(b) Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

(c) Notice

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Committee call a meeting.

(d) Agenda

Determine any desired agenda items for any meeting of the Committee.

SECTION 4 RESPONSIBILITIES

In fulfilling its role and purpose, the Committee shall:

(a) General

- Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
- Summarize in the Company's annual report or annual information form the Committee's composition and activities.
- Provide the disclosure regarding the Committee required by National Instrument 52-110.
- Submit the minutes of all meetings of the Committee to the Board.
- Perform any other activities that the Committee deems necessary or appropriate.

(b) Financial Information

- Review the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A.
- Review the Company's press releases with financial information.
- Review other financial information provided to any governmental body or the public as they see fit.
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

(c) External Auditor – Hiring and Compensation

- Recommend to the Board the selection of the external auditor, considering independence and effectiveness.
- Review the fees and other compensation to be paid to the external auditor.

- Pre-approve all non-audit services to be provided to the Company by the external auditor.
- Review and approve requests for any material management consulting or other engagement to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees.

(d) **External Auditor – Procedures**

- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company.
- Arrange for the external auditor to report directly to the Committee.
- Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company to determine their independence.
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- Arrange for the external auditor to be available to the Committee and the full Board as needed.

(e) **Financial Reporting Processes**

- Communicate directly with the external auditor.
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
- Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Company's accounting principles and policies as well as financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and policies and underlying estimates, and whether those principles and policies are common practices or are minority practices.

- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- Consider proposed major changes to the Company's accounting principles and practices.

(f) **Reporting Process**

- If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- Periodically consider the need for an internal audit function, if not present.
- Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- Where there are significant unsettled issues that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
- Review management's monitoring of the system in place to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

(g) Hiring Policies

The Committee must review and approve the Company's hiring of partners, employees and former partners and employees of the present or any former external auditor of the Company.

(h) Financial Risk Management

- Review management's program of financial risk assessment and steps taken to address significant risks or exposures related thereto.

(i) Authority of the Committee

- If considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee is empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any such investigation.

(j) General

- Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to prepare financial statements, to plan or conduct internal or external audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with IFRS, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.
- The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to shareholders of the Company or other liability whatsoever.

SECTION 5 COMMITTEE COMPLAINT PROCEDURES**(a) Submitting a Complaint**

- Anyone may submit a complaint regarding conduct by the Company or its employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair of the Committee will oversee treatment of such complaints.

(b) Procedure

- The Chair of the Committee will be responsible for the receipt and administration of employee complaints.

(c) Investigation

- The Chair of the Committee shall review and investigate the complaint. Corrective action will be taken when and as warranted.

(d) Confidentiality

- The identity of the complainant and the details of the investigation will be kept confidential throughout the investigatory process.

(e) **Records and Report**

- The Chair of the Committee will maintain a log of complaints, tracking their receipt, investigation, findings and resolution and shall prepare a summary report for the Committee.

(f) **Whistleblower Policy**

- The Committee will review the Whistleblower Policy on an annual basis and update it as required.

APPENDIX “B” GLOSSARY

“Certified Partners” means the partners, OEMs and Value Added Distributors certified by Redline;

“IP” (Internet Protocol) means a data-oriented protocol used for communicating data across a packet-switched internetwork. IP is a network layer protocol in the internet protocol suite and is encapsulated in a data link layer protocol (e.g., Ethernet). As a lower layer protocol, IP provides the service of communicable unique global addressing amongst computers. This implies that the data link layer need not provide this service. Ethernet provides globally unique addresses except it is not globally communicable (i.e., two arbitrarily chosen Ethernet devices will only be able to communicate if they are on the same bus);

“LTE” means Long Term Evolution and is a standard for wireless communication of high-speed data based on the GSM/EDGE and UMTS/HSPA network technologies. The standard is developed by the 3GPP (3rd Generation Partnership Project).;

“M2M” means Machine-to-Machine and refers to technologies that allow both wireless and wired systems to communicate with other devices of the same type;

“MIMO” means multiple-input and multiple-output, and is the use of multiple antennas at both the transmitter and receiver to improve communication performance. It is one of several forms of smart antenna technology;

“OEM” (Original Equipment Manufacturer) means a company that builds products or components which are used in products sold by a VAR. An OEM will typically build to order based on designs of the VAR. For example, a hard drive in a computer system may be manufactured by a corporation separate from the company that markets and sells the computer, or a loudspeaker in a stereo system made by a company that specializes in audio manufacturing;

“SCADA” stands for supervisory control and data acquisition. It generally refers to an industrial control system: a computer system monitoring and controlling a process;

“VAR” means a value-added reseller, an entity that purchases products from a Value Added Distributor for resale to end users;

“Value Added Distributors” means companies that keep inventory of the Company’s products to supply the Company’s resellers;