

TERAGO INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2023

March 6, 2024

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EXPLANATORY NOTES

All references in this annual information form (“AIF”) to “TERAGO”, the “Company”, “we”, “us”, “our” and “our company” refer to TERAGO Inc. and its subsidiaries, unless the context requires otherwise. All information contained herein is as of December 31, 2023, unless otherwise indicated.

The Company prepares its financial statements in Canadian dollars and in conformity with IFRS Accounting Standards as issued by IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”). All references to \$ are to Canadian dollars.

Certain technical terms and phrases used in this AIF are defined in the “Glossary of Technical Terms” attached hereto as Schedule A.

FORWARD-LOOKING STATEMENTS

This AIF includes certain forward-looking statements that are made as of the date hereof only and based upon current expectations, which involve risks and uncertainties associated with the business and the economic environment in which the business operates. All such statements are made pursuant to the ‘safe harbour’ provisions of, and are intended to be forward-looking statements under, applicable Canadian securities laws. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, the words *anticipate, believe, plan, estimate, expect, intend, should, may, could, objective* and similar expressions are intended to identify forward-looking statements. This AIF includes, but is not limited to, forward looking statements regarding TERAGO’s growth and 5G fixed wireless access for wide area broadband along with 5G Private Wireless Networks business strategy, strategic plan and partnerships, acquisition opportunities, investments in 5G, and 5G technical trials with 5G equipment. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. We caution readers of this document not to place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates, or intentions expressed with the forward-looking statements. When relying on forward-looking statements to make decisions with respect to the Company, you should carefully consider the risks, uncertainties and assumptions, including the risk that TERAGO’s growth strategy and strategic plan will not generate the results intended by management, opportunities for expansion and acquisitions not being available or at unfavourable terms, trends in the global connectivity, decisions from government agencies on the spectrum licences that TERAGO holds, including those from ISED (as defined below) may not be favourable to the Company, the results of technical trials for 5G equipment not being satisfactory, the Company’s plans and strategic partnerships associated with 5G may not materialize, the economic viability of any potential 5G services may not exist, a lack of capital to take advantage of certain opportunities including opportunities to provide potential 5G services, and those risks set forth in the “Risk Factors” section of the Management’s Discussion & Analysis of the Company for the year ended December 31, 2023 and other uncertainties and potential events. In particular, if any of the risks materialize, the expectations and the predictions of the Company may need to be re-evaluated. Consequently, all of the forward-looking statements in this AIF are expressly qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Except as may be required by applicable Canadian securities laws, TERAGO does not intend, and disclaim any obligation, to update or revise any forward-looking statements whether in words, oral or written as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

Name, Address, and Incorporation

TERAGO was incorporated under the *Canada Business Corporations Act* on December 21, 2000, as 3848574 Canada Inc. On May 16, 2007, its name was changed to “TERAGO Inc.”. In June 2007, it completed its initial public offering and amended its articles at that time to reflect a reorganization of the share capital. See “General Development of the Business”, “Reorganization” and “Description of Capital Structure”.

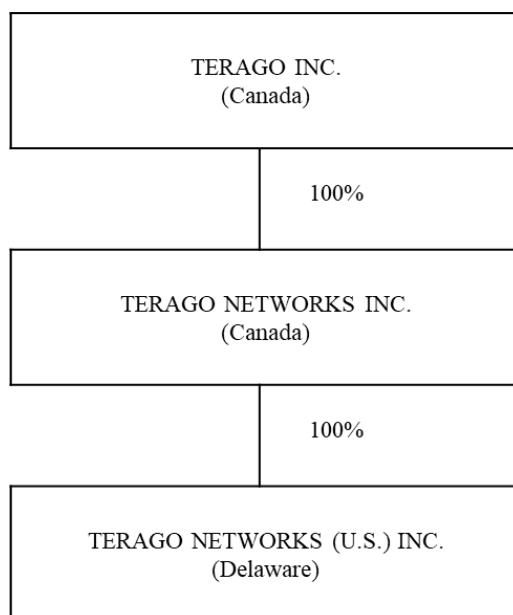
The Company’s head and registered office is located at 55 Commerce Valley Drive West, Suite 800, Thornhill, Ontario L3T 7V9. TERAGO also has locations in Vaughan and Kitchener, Ontario, Calgary and Edmonton, Alberta and Vancouver, British Columbia. TERAGO’s website address is www.terago.ca. The website and the information contained on, or referred to in, the website is not incorporated in this AIF.

TERAGO’s wholly owned subsidiary, TERAGO Networks Inc. (“**TERAGO Networks**”), was incorporated on July 30, 1999, and participated in Industry Canada’s 24 GHz and 38 GHz wireless spectrum auction in which it acquired a number of spectrum licences in these bands. Since then, TERAGO has deployed wireless internet services to designated geographic markets in Canada. The range of such services were further augmented with TeraGo Networks’ acquisition in 2015 of RackForce Networks Inc. (“**RackForce**”) and CodeNinja Ltd. (operating as “**BoxFabric**”). On January 1, 2017, wholly owned subsidiaries RackForce, RackForce Cloud Video Inc. and BoxFabric were amalgamated with TERAGO Networks. On January 1, 2020, wholly owned subsidiaries Mobilexchange Spectrum Holdings Inc. and Mobilexchange Spectrum Inc. were amalgamated with TeraGo Networks.

On September 14, 2020, TERAGO Networks (U.S.) Inc., a Delaware corporation was incorporated as a wholly owned subsidiary of TERAGO Networks for the purposes of contracting with several of its U.S.-based employees.

Intercorporate Relationships

The following organization chart sets forth TERAGO Inc. and its subsidiaries, the percentage of voting securities held, as well as their respective jurisdictions of incorporation as of December 31, 2023:



Notes:

- (1) In July 2012, following the change in the foreign ownership restrictions as a result of the amendments to the *Telecommunications Act* (Canada), the Company completed the automatic conversion of approximately 3.6 million issued and outstanding Class A Non-Voting Shares into Common Shares on a one-for-one basis, in accordance with the Company's articles.
- (2) National Online Inc. was acquired on December 14, 2004, and amalgamated into TERAGO Networks on January 1, 2012.
- (3) Data Centres Canada Inc. was acquired on May 31, 2013, and amalgamated into TERAGO Networks on June 27, 2013.
- (4) RackForce Networks and its wholly owned subsidiary, RackForce Cloud Video Inc. were acquired on March 27, 2015. BoxFabric was acquired on September 18, 2015. Each of these subsidiaries were amalgamated into TERAGO Networks on January 1, 2017.
- (5) TERAGO Networks acquired Mobileexchange Spectrum Inc. and Mobileexchange Spectrum Holdings Inc. (collectively, "**MSI**") on November 9, 2018. Each of these subsidiaries were amalgamated into TERAGO Networks on January 1, 2020.
- (6) TERAGO Networks divested its assets and liabilities associated with the Cloud and Colocation lines of business to a subsidiary of HUT 8 Mining Corp. (TSX: HUT.TO) on January 31, 2022

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

During the last three completed financial years, TERAGO has sought to focus its business efforts on providing B2B connectivity services via fixed wireless access solutions and investing in future 5G and private network initiatives.

On February 19, 2021, Matt Gerber was appointed the new Chief Executive Officer of TERAGO and TERAGO Networks. Further, on February 19, 2021, Kenneth Campbell was appointed as Board Chair of TERAGO.

On June 21, 2021, TERAGO entered into a first amending agreement with the syndicate led by RBC to extend the term of TERAGO's credit facility to June 30, 2023.

On April 14, 2021, TERAGO announced that it entered into subscription agreements with certain institutional investors, including Cymbria Corporation, acting at the direction of its portfolio manager, EdgePoint Investment Group Inc. The Company issued and sold an aggregate of 934,000 Series A Units, 934,000 Series B Units and 934,000 Series C Units of the Company at a subscription price of \$5.25 per Unit, for gross proceeds of \$14.7 million, all by way of a private placement. The private placement subsequently closed on April 21, 2021.

On September 27, 2021, TERAGO Networks announced that it remained on track to complete its planned 5G core network expansion projects for 2021, in preparation for deploying 5G fixed wireless access services to its existing customer base and 5G private networking applications for new customers.

On November 8, 2021, TERAGO announced a partnership with McMaster University ("**McMaster**") to jointly build and deploy the first university-based 5G millimeter wave private network for research. With an established 5G millimeter wave private network, the two entities plan to develop the most cutting-edge technologies for advanced manufacturing and Industry 4.0 in Canada. The combined research and collaboration is ongoing.

On December 20, 2021, TERAGO announced a partnership with Intracom Telecom, a global telecommunication systems and solutions vendor, for the supply of its leading wireless solutions, WiBAS™ G5 evo-BS and WiBAS™ G5 Connect+, operating at 24 GHz frequency band. The WiBAS™ G5 will enable TERAGO to provide faster and more reliable services to its subscribers in Canada.

On December 30, 2021, TERAGO entered into a second amending agreement with the syndicate led by Royal Bank of Canada to change the applicable Total Funded Debt to EBITDA Ratio and Fixed Charge Coverage Ratio.

On January 19, 2022, TERAGO and TERAGO Networks entered into an Asset Purchase Agreement to sell its cloud and colocation services business to a subsidiary of Hut 8 Mining Corp. (“**Hut 8**”) for \$30.0 million (“**Hut 8 Transaction**”). As part of the Hut 8 Transaction, TERAGO Networks agreed to provide certain transitional services for up to six (6) months post-closing to Hut 8 under a transition services agreement (“**TSA**”). The transaction enabled TERAGO to focus on its core wireless business and leverage its extensive millimeter wave spectrum licenses as the Company works toward becoming Canada’s leading provider of mmWave 5G private networks for businesses. The Hut 8 Transaction was successfully completed on January 31, 2022. Currently, TERAGO Networks is providing the transition services under the TSA, which were originally anticipated to be completed by July 31, 2022, but were extended at Hut 8’s request and were completed on October 31, 2022.

On February 1, 2022, TERAGO repaid all indebtedness, liabilities and other obligations against its credit facility with Royal Bank of Canada, and the credit facility was terminated. TERAGO was released and discharged from all obligations, liabilities, claims and demands under and in respect of the credit facility, other than certain provisions which expressly survive repayment of the obligations.

On May 5, 2022, Philip Jones was appointed Chief Financial Officer of the Company.

On September 29, 2022, TERAGO Networks, as Borrower entered into a credit agreement (the “CrowdOut Credit Agreement”) with CrowdOut Capital LLC (the “Lender”) in the amount of USD\$ 20 million. The CrowdOut Credit Agreement is a draw down facility. On October 3, 2022, TERAGO Networks took the initial draw of USD \$5 million in accordance with the CrowdOut Credit Agreement. See “Material Contracts – Credit Facility.”

On June 13, 2023, it was announced that Mathew Gerber was stepping down as both CEO and Executive Member of the Board of Directors of the Company

On June 13, 2023, it was announced that Daniel Vucinic was appointed as the new CEO and as an Executive Member of the Board of Directors of the Company.

Subsequent to the 2023 year end, on January 2, 2024, it was announced the Company and Philip Jones had entered into a mutual separation agreement with Mr. Jones stepping down as CFO but remaining with the Company, in an interim capacity, until February 29, 2024, to ensure a smooth transition to a new CFO.

On March 1, 2024, Parveen Mithra (current Director of Finance) was appointed Interim CFO until such time as a permanent CFO is appointed.

DESCRIPTION OF THE BUSINESS

TERAGO provides managed network and security services to businesses across Canada ensuring highly secure, reliable and redundant connectivity services including fixed wireless access and fiber and cable wireline network connectivity.

The Company owns and operates a carrier-grade, highly reliable and redundant MPLS network interconnected with its wireless hub infrastructure and its significant access footprint through its network-to-network interfaces (NNI) with all major carriers. This advanced architecture enables fixed wireless, IP communications network in Canada targeting businesses that require Internet access, private interconnection, and data connectivity services.

The Company's subscription-based business model generates a robust, dependable and predictable recurring revenue from its managed network and security services. TERAGO delivers excellence and innovation through our white glove service with integrated added value solutions to manage client's mission critical network.

Strategy

TERAGO employs a smart growth strategy that consists of the following key components:

- Increase customer penetration in existing markets with an emphasis on mid-market and enterprise level customers;
- Expand and enhance product and service offerings that create significant value;
- Enhanced white glove customer experience; and
- Pursue strategic initiatives, including acquisitions and both channel and technology partnerships, on an opportunistic basis.

Business Model

TERAGO's connectivity customers typically sign three-year contracts with automatic annual renewals at the end of the initial three-year term. Services are billed monthly over the term of the contract. Most contracts also include some form of upfront installation or other non-recurring fee.

NETWORK CONNECTIVITY SERVICES

Fixed Wireless Access Internet Services

TERAGO owns and operates a carrier-grade Multi-Protocol Label Switching ("MPLS") enabled wireline and fixed wireless, Internet Protocol ("IP") communications network in Canada, providing businesses with high performance, high reliability and redundancy, scalable, and secure access, and data connectivity services.

TERAGO's carrier grade IP communication network serves an important and growing demand among Canadian businesses for network access diversity by offering wireless services that are redundant to their existing wireline broadband connections.

TERAGO's IP network has been designed to eliminate single points of failure and the Company backs its services with customer service level commitments, including 99.99% service availability and 24 x 7 telephone and email access to technical support specialists.

TERAGO offers Canadian businesses high performance unlimited and usage-based dedicated Internet access with upload and download speeds up to 10 gigabit per second (“Gbps”). TERAGO enhances service performance by minimizing the number of networks between its customers and their audiences, using peering arrangements with multiple tier-one carriers to connect to the Internet.

TERAGO Internet Access and Data Connectivity Services

<u>Service</u>	<u>Speed</u>	<u>Benefits</u>	<u>Customer Profile</u>
Unlimited Internet	20 Mbps to 10 Gbps (Dedicated)	<ul style="list-style-type: none"> • Guaranteed symmetrical bandwidth • Premium service level agreement 	<ul style="list-style-type: none"> • Businesses and enterprise organizations that require dedicated bandwidth to support mission critical applications

Data Services

TERAGO offers data connectivity services that allow businesses to connect their multiple sites within a city or across TERAGO’s geographic footprint through a Private Virtual Local Area Network (“VLAN”). With speeds from 20 megabits per second (“Mbps”) to 10 Gbps, TERAGO’s VLAN services are ideal for companies with multiple offices and large interoffice data requirements. Campus VLAN services between two customer locations are available at speeds up to 10 Gbps. TERAGO’s data services, which run across the MPLS core network, are symmetrical, allowing communication between parties in both directions simultaneously. TERAGO’s use of Ethernet over MPLS (“EoMPLS”) technology enhances its VLAN performance and enables VLAN customers to experience higher reliability and easier provisioning.

5G

Over the past year, the Company has continued 5G technical trials with various 5G fixed wireless equipment and CPEs from different partners. These technical trials are part of the initial processes in a broader plan for the Company to potentially launch commercial 5G fixed wireless services in the future.

Network

To deliver its services, the Company has built and operates a carrier-grade, IP network, using licensed and license-exempt spectrum and fibre-optic wireline infrastructure that supports commercially available equipment.

The Company owns and controls a national MPLS distribution network from Vancouver to Montreal that aggregates customer voice and data traffic and interconnects, when necessary, with carrier diverse leased fiber optic facilities. Major Internet peering and core locations are centralized in Vancouver, Toronto, Seattle, as well as diverse fiber path for all regional markets for further redundancy.

TERAGO offers a range of diverse Ethernet-based services over a secured wireless connection to customer locations up to 20 kilometres from a hub (provided line of sight or wireline networks exist) or through a fibre optic connection.

TERAGO’s Core IP network provides reliable, carrier-diverse inter-city fibre connectivity between its major markets. In 2009, TERAGO deployed MPLS in its Core IP network to enable automated re-routing of data services within the inter-city MPLS network in case of a failure in a carrier supplier’s inter-city circuit, to make provisioning faster and easier within the MPLS network, and to improve inter-city routing performance. The combination of MPLS and deployment of additional carrier circuits to complete carrier-diverse rings between TERAGO’s various markets has improved the reliability and performance of TERAGO’s intercity IP network. TERAGO has also deployed MPLS in its markets including the Greater Toronto Area (“GTA”) metropolitan backhaul network to extend the same benefits within its GTA network and other markets.

TERAGO has also implemented DDoS (Distributed Denial of Service) mitigation for all our internet facing routers to help protect and filter attacks on its network, and to provide varying levels of clean traffic as a service to its customers.

Strategic network relationships and hardware partners for TERAGO include Ceragon, Aviat, Cisco, Nokia, Askey, and Mimosa (a division of Airspan which was recently acquired by Jio (Radsys)).

There are three main network components in each regional market: core hub, multiple hub sites and customer locations:

Core Hub Sites

Core hub sites are the main interconnection point between regional wireless and wireline system and national MPLS fiber-optic facilities. TERAGO's 15 core hub sites are equipped with redundant fiber-optic equipment, high performance and redundant MPLS routers, uninterruptible power supplies, and server equipment. Core hub sites are configured in MPLS ring architecture to avoid service disruption in the event of any single point of failure.

Hub Sites

Hub sites are generally equipped with broadband wireless base stations where appropriate; high performance Ethernet switches and routers; high capacity licensed backhaul radios with uninterruptible power supplies; and in selected cases, fibre optic connections, both used to connect the Hub site to one or more adjacent hub sites. Where appropriate at its approximately 298 active hub sites and a further 623 sites across Canada, TERAGO is also deploying fibre-optic facilities between hubs to provide backhaul capabilities.

Customer Locations

TERAGO has approximately 1,900 customers. Customer locations are typically equipped with a broadband wireless radio and, depending upon the services deployed, a managed Ethernet switch, router, or Quality of Service ("QoS")-enabled voice demarcation device. Broadband wireless radios, widely available from leading manufacturers, are selected to match the customer's performance requirements. Customer connections may also be supported over TERAGO's fibre-optic facilities. Both broadband wireless and fibre-optic customer premise equipment is industry standard and sourced from leading manufacturers. The customer interface to TERAGO's services is an industry standard RJ45 Ethernet or PRI jack.

Quality of Service Capabilities

TERAGO's MPLS network, including key high traffic hub sites, is equipped with QoS capabilities to improve performance and traffic management. All of TERAGO's major national markets are end-to-end QoS enabled providing the foundation to support high priority traffic and other potential future applications.

RADIO SPECTRUM

24-GHz and 38-GHz Wide-area Licences

The Company owns a national spectrum portfolio of exclusive 24 GHz and 38 GHz wide-area spectrum licences which covers major regions throughout Canada including 2,120 MHz of spectrum across Canada's 6 largest cities. This spectrum is used to deploy dedicated high performance, secure and reliable point-to-point and point-to-multipoint microwave radio systems, interconnecting core hubs in ring architectures (where possible) to backhaul metro area network traffic and in the access network or "last mile" to deliver high capacity (speeds of 20 Mbps to 10 Gbps) IP-based services for business, government and mobile backhaul. In September 2010, the Company purchased six 24 GHz licences from MSI. The purchased 24 GHz spectrum includes 240 MHz in each of Toronto, Montreal, and Ottawa, as well as 80 MHz in each of Calgary, Vancouver, and Edmonton. In addition, the Company has since acquired through its acquisition

of MSI on November 9, 2018, an additional 80 MHz in each of Edmonton and Calgary, 160 MHz in each of Ottawa, Montreal and Toronto, and 320 MHz in Vancouver, all in the 24 GHz band.

TERAGO has built a next generation, carrier-class, broadband IP network using a combination of spectrum bands which the Company owns and leases, together with licence-exempt spectrum. In each of the regions that it services, TERAGO owns and controls wireless networks that aggregate customer data traffic and interconnect with intercity fiber-optic facilities. The Company uses commercially available equipment for the delivery of broadband wireless services.

Other Bands

In addition to its 24 GHz and 38 GHz wide-area licences, TERAGO also utilizes point-to-point spectrum in the 2.4, 5, 11, 18, 23 and 80 GHz bands. The 11, 18, 23 and 80 GHz spectrum is licensed to TERAGO by Innovation, Science, and Economic Development Canada (“ISED”) on a site-by-site basis, while the 2.4 and 5 GHz bands are unlicensed bands. These spectrum resources are utilized by the Company to deploy point-to-point radio links.

SALES, MARKETING AND PRODUCT

TERAGO uses a combination of direct and indirect sales channels to market its services to Canadian businesses. This complementary sales strategy is intended to enable the Company to better reach its target market.

Sales

The sales team is comprised of client executives, client experience representatives and partner executives, and each is supported by solution architects and sales specialists. Client executives are responsible for identifying value-added opportunities for customers and generating sales to new customers, as well as managing relationships with existing customers. Client experience representatives manage inbound leads and customer retention. Partner executives work with all of TERAGO’s channel partners, integrators, resellers, and agents who facilitate sales of TERAGO services to the ultimate end user. The solution architects provide support to the sales team by providing customers with technical support and expertise in network and solution design. Sales specialists support client executives in high value offerings.

Marketing

The marketing group includes a marketing team and a customer loyalty management team. Activities within the customer loyalty management team include customer contact strategy planning, contract renewals, churn management and reporting. Activities within the marketing team include lead generation, customer promotions, program development, product launches, public relations, marketing communications, sales channel support and market expansion. Public relations and marketing communications personnel focus on cultivating industry analyst and media relationships as well as the implementation of web and social media marketing, collateral development, and advertising.

Product

Activities within the product management team include product strategy and development, pricing, competitive analysis, and product lifecycle management.

Trademarks

The Company has registered several trademarks that are used in its business, which the Company regards as having significant value or as being important factors in the marketing of its various services.

CUSTOMER SERVICE, TECHNICAL SUPPORT AND BILLING

TERAGO has developed a managed network and security services technical support organization tailored to service the requirements of Canadian businesses. TERAGO delivers a white glove service with integrated value add solutions to manage customers mission critical network. The Company maintains a Network Operations Centre (NOC) which monitor its national network 24 x 7. The NOC is staffed with trouble shooting and technical support specialists and provides customers with 24 x 7 telephone and e-mail/on-line portal access in order to assist with troubleshooting of customers' networks. In providing its various services, TERAGO offers service level commitments to customers including network availability, power availability and an industry leading mean time to repair.

TERAGO utilizes industry standard enterprise resource planning, network management, general ledger, billing and customer maintenance software systems. It has established procedures and processes for the support of customers and the operation of these systems, and these methodologies have been refined through the practical operation of such systems.

EMPLOYEES

As at December 31, 2023, TERAGO had a total 101 employees, with 13 in sales, 2 in marketing, 7 in product, 55 in operations and 24 in executive, general and administrative positions. No union represents any of its employees.

OPERATIONS AND FACILITIES

The following table sets out as of the date of this AIF, certain information regarding the head office premises located in Thornhill, Ontario and other material leased office premises:

Offices	Approximate Square Footage
Thornhill, Ontario (Head Office)	8,269
Calgary, Alberta	1,489
Vaughan, Ontario	6,118
Kitchener, Ontario	1,289
Edmonton, Alberta	1,000
Vancouver, British Columbia	1,000

COMPETITIVE CONDITIONS

TERAGO's primary competitors in the Internet, voice and data connectivity market in Canada include telecommunications service providers ("Telcos") such as Bell Canada, TELUS Communications Inc., Zayo Group Holdings Inc., Rogers Communications Inc., Shaw Communications Inc. and Cogeco Inc., who provide wireline services. It competes with these Telcos by only focussing on B2B customers (therefore not distracted by the consumer marketplace) and the SMB segment which is often neglected by larger Telcos, offering choice, carrier and technology diversity using fixed wireless managed network and security services, rapid installation, reliability, and faster connection. The wireless model allows it to meet the increasing bandwidth demand of its customers rapidly and cost effectively.

REGULATORY OVERVIEW

Radiocommunication Act

The *Radiocommunication Act* empowers the Minister of Industry, who presides over Industry Canada (now ISED), a department of the Government of Canada, to regulate the orderly development and efficient operation of radiocommunication in Canada. The Minister has broad discretion to, among other things, issue spectrum licences, to fix terms and conditions on such licences, to amend those terms and conditions, to renew or not renew such licences at the end of their terms and, subject to certain procedure requirements, to suspend or revoke licences and other radio authorizations. The Minister also has the authority to establish standards and plan the allocation and use of the radio spectrum including the radio frequencies on which its business depends.

The Company is a licensee of radio spectrum in the 24 GHz and 38 GHz bands. It acquired spectrum licences in these bands in ISED's first spectrum auction which was held in 1999. The term of licenses initially were set to expire on January 20, 2010. In March 2009, ISED issued a decision granting a five-year extension to the initial term of the 24 GHz and 38 GHz licences held by the Company. In December 2014, ISED announced a new framework for the licensing and renewal of licenses in the 24, 28 and 38 GHz bands. The new framework permits the renewal of all auctioned licenses for a subsequent 10-year term by their holders if such holders have met the prescribed conditions of these licenses. All spectrum licenses which the Company currently holds and are required for it to operate its internet access business have since been renewed with a renewal term expiring in 2025.

In June 2017, ISED issued the *Consultation on Releasing Millimetre Wave Spectrum to Support 5G*. This Consultation contemplates the future use of certain millimetre wave spectrum to support the deployment of 5th generation (5G) wireless networks and systems. The spectrum bands identified by ISED includes (amongst others) the 38 GHz band which the Company currently holds licences in. On June 5, 2019, ISED released its *Decision on Releasing Millimetre Wave Spectrum to Support 5G*. Among other things in this decision document, ISED reported that existing licensees of the 38 GHz band are eligible to apply for new "flexible use" licenses for an equal amount of spectrum upon expiry of the current 10-year license term, or earlier upon voluntary license cancellation. Flexible use licenses will permit licensees to deploy mobile systems to support 5G, while retaining the current ability to deploy on a fixed wireless basis.

In June 2018, ISED published its overall approach and planned activities for spectrum over the next five years in a document titled *Spectrum Outlook 2018 to 2022*. In such document, ISED has confirmed that the 24 GHz band, among several others has been designated as Priority 2 for future release for commercial mobile use. A definitive timeline for the release of spectrum bands designated as Priority 2 and Priority 3 has not yet been confirmed by ISED. A timeline for the release of the 38 GHz band, which has been designated as a Priority 1 band was initially set for the end of 2021 but is expected to be delayed several years due to the COVID-19 pandemic and ISED's recent mid-band spectrum consultations and auction.

In June 2019, ISED released its *Decision on Releasing Millimetre Wave Spectrum to Support 5G*. Among other things in its decision document, ISED reported that existing licensees of the 38 GHz band are eligible to apply for new "flexible use" licenses for an equal amount of spectrum upon expiry of the current 10-year license term, or earlier upon voluntary license cancellation. Flexible use licenses will permit licensees to deploy mobile systems to support 5G, while retaining the current ability to deploy on a fixed wireless basis. The Company holds 25 of 27 issued 38 GHz spectrum licenses in Canada.

In 2022, ISED published several Consultations which proposed updating ISED's approach and planned activities that could impact the Company's 24-GHz and 38-GHz spectrum licenses.

In June 2022, ISED published a Consultation on Policy and Licensing Framework for Spectrum in the 26GHz, 28GHz and 38GHz Bands. Under this Consultation ISED sought comments on the proposed policy and licensing considerations, including auction format, rules and processes, as well as on conditions of license for spectrum in the 26, 28 and 38 GHz Bands.

In August 2022, ISED published a Consultation on a Non-Competitive Local Licensing Framework, Including Spectrum in the 3900-3980 MHz Band and Portions of the 26, 28 and 38 GHz Bands. Under this Consultation, ISED sought comments on a proposed non-competitive local (NCL) licensing framework, with the intent to apply that framework to release spectrum in the 3900-3980 MHz Band (referred to as the 3900 MHz Band) and portions of the 26, 28 GHz and 38 GHz Bands.

In September 2022, ISED published a Consultation on the Spectrum Outlook 2022 to 2026. Under this Consultation, ISED sought comments on its proposed overall approach and planned activities for spectrum over the next five years. In this document, ISED proposed that the 24 GHz Band, among several others has been designated as Priority 2 for future release for commercial mobile use. A definitive timeline for the release of spectrum bands designated as Priority 2 and Priority 3 has not yet been confirmed by ISED.

In August 2023, ISED updated its “Spectrum Outlook 2023 to 2027” providing additional clarity and insight as to ISED's overall approach and planning activities related to its management of Canada's radio spectrum over the next five years. The announcement included upgrading 24 GHz mmWave spectrum to Priority 1 which means that ISED plans to release and/or initiate a consultation.

In November 2023, ISED published a Consultation on the License Renewal Process for the 24 GHz and 38 GHz Bands and Preliminary Consultation on Changes to the 24.25 - 26.5 GHz Band. All responses were submitted by December 19, 2023. ISED is reviewing the comments and will publish its decision on this consultation.

For additional information on ISED Consultations and to review the response letters of the Company or other stakeholders, please refer to ISED's Consultation webpage: https://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/h_sf08436.html.

ISED also makes available certain spectrum bands on a licence-exempt basis. That is, any user or carrier may use radio equipment in these bands provided that the equipment is certified as complying with applicable ISED standards, and without the need for a licence from ISED. In TERAGO's network, it makes use of equipment that operates in the licence-exempt bands, notably the 2.4 and 5 GHz bands. Radio apparatus is operated on a non-protection basis; that is, an operator cannot be protected from interference from other users of equipment in the band.

ISED also makes available to carriers and users on a first come first served basis, and subject to certain conditions, radio licences for specific apparatus at a specific location and certain spectrum licences. Typically, these licences must be renewed annually, and incur annual licence fees. It holds such radio licences for radio apparatus that operates in the 11 GHz and 18 GHz bands, and it holds such spectrum licences in the 38 GHz band, which are in addition to the 38 GHz band spectrum licences that it acquired at auction in 1999 and referred to above.

Telecommunications Act

TERAGO Networks is a “Canadian carrier” as defined in the *Telecommunications Act* and is therefore subject to regulation by the CRTC. The CRTC has the authority to regulate, among other things, the rates, terms, and conditions of services provided by carriers and interconnection terms and agreements. The CRTC has the power to forbear from exercising certain regulatory powers with respect to a service or class of service. Forbearance may be subject to conditions.

Under a CRTC-administered regime, referred to as the “contribution regime”, all telecommunications service providers operating in Canada are required to pay a percentage of their Canadian telecommunications service revenue, less certain exclusions, such as retail Internet service revenue, and less certain deductions, such as inter-carrier payments, into a fund to subsidize the cost of local telecommunications service in certain high-cost regions of the country.

REORGANIZATION

In July 2012, following the change in the foreign ownership restrictions as a result of the amendments to the *Telecommunications Act*, the Company completed the automatic conversion of approximately 3.6 million issued and outstanding Class A Non-Voting Shares into Common Shares on a one-for-one basis, in accordance with the Company's articles.

On January 1, 2017, the wholly owned subsidiaries of TERAGO Inc. which included RackForce, RackForce Cloud Video Inc. and BoxFabric were amalgamated with TERAGO Networks Inc. through a short-form vertical amalgamation. On January 1, 2020, wholly owned subsidiaries Mobilexchange Spectrum Holdings Inc. and Mobilexchange Spectrum Inc. were amalgamated with TERAGO Networks Inc. through a short-form vertical amalgamation. Each of these amalgamations were undertaken to simplify the Company's corporate structure and to obtain certain administrative and financial reporting efficiencies. No securities were issued in connection with the amalgamations and the amalgamated corporation carries on business as "TERAGO Networks Inc."

DIVIDENDS

TERAGO has not paid dividends to its shareholders to date and does not currently intend to pay dividends on its Common Shares in the near future. The declaration and payment of dividends on Common Shares is within the discretion of the Board.

DESCRIPTION OF CAPITAL STRUCTURE

TERAGO's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Class A Non-Voting Shares. The Common Shares and the Class A Non-Voting Shares are collectively referred to herein as the "**Equity Shares**". See Description.

As of December 31, 2023, there were 19,853,498 Common Shares issued and outstanding. There is no Class A Non-Voting Shares issued and outstanding. In addition, there are 683,513 Common Shares issuable upon exercise of warrants which were issued (i) to certain institutional investors pursuant to the Private Placement in 2021 and (ii) to the Lender pursuant to the CrowdOut Credit Agreement in 2022 (both as defined in the Material Contracts section).

Common Shares

Voting. Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders (except meetings at which only the holders of another specified class or series are entitled to vote separately as a class as provided under applicable law or in the articles) and each Common Share confers the right to one vote (in person or by proxy) at all such meetings. In the event the holders of the Common Shares and/or the Class A Non-Voting Shares are entitled to a class vote in respect of a matter arising at law, the Common Shares will be voted as part of an initial vote for all Equity Shares prior to a vote of the holders of the Common Shares separately as a class. Except as to voting, the Common Shares will have equal rights to the Class A Non-Voting Shares on a share-for-share basis.

Dividends. All dividends declared on the Common Shares and the Class A Non-Voting Shares shall be declared and paid at the same time, and in equal amounts, share-for-share, without any preference or priority of one class over the other.

Rights Upon Liquidation. Holders of Common Shares are entitled to receive remaining assets upon the winding-up, liquidation or dissolution of TERAGO, *pari passu* with the holders of Class A Non-Voting Shares, on a per share basis.

Class A Non-Voting Shares

Voting. Except as otherwise provided by law or in the articles, holders of Class A Non-Voting Shares are not entitled to vote at any meetings of the shareholders of TERAGO, but otherwise enjoy the same rights, privileges, and economic entitlements as are enjoyed by holders of the Common Shares. The holders of Class A Non-Voting Shares are entitled to receive notice of and to attend meetings of the holders of Common Shares. Each Class A Non-Voting Share confers the right to one vote (in person or by proxy) at any meeting at which the holders of Class A Non-Voting Shares are entitled to vote. In the event the holders of Class A Non-Voting Shares and the Common Shares are entitled to a class vote in respect of a matter arising at law, the Class A Non-Voting Shares will be voted as part of an initial vote of all Equity Shares prior to a vote of the holders of the Class A Non-Voting Shares separately as a class.

Dividends. All dividends declared on the Common Shares and the Class A Non-Voting Shares shall be declared and paid at the same time, and in equal amounts, share-for-share, without any preference or priority of one class over the other.

Rights Upon Liquidation. Holders of Class A Non-Voting Shares are entitled to receive the remaining assets on wind-up, liquidation, or dissolution of TERAGO, *pari passu*, with the holders of Common Shares, on a per share basis.

Conversion Right. The Class A Non-Voting Shares are convertible into Common Shares on a share-for-share basis, in the following circumstances:

- any time at the option of the holder upon provision by a holder of Class A Non-Voting Shares of a residency declaration to TERAGO and the transfer agent of the Common Shares certifying that the holder is a Canadian within the meaning of the Canadian Ownership and Control Regulations established under the *Telecommunications Act*;
- any time at the option of the holder upon a sale of Class A Non-Voting Shares to a Canadian within the meaning of the Canadian Ownership and Control Regulations established under the *Telecommunications Act*;
- upon a bid being made for the Common Shares where no equivalent bid is made for the Class A Non-Voting Shares, for the purposes of allowing the Class A Non-Voting Shares to tender to an exclusionary bid;
- at any time at TERAGO's option following a change of control in which a person or company, together with any person or company acting jointly or in concert, acquires beneficial ownership of not less than two-thirds, in the aggregate of the Common Shares and Class A Non-Voting Shares, subject to compliance with the Canadian Ownership and Control Regulations; and
- automatically upon the repeal or relaxation of the rules governing TERAGO's Canadian ownership and control, but only to the extent of such repeal or relaxation and non-Canadian ownership and control of TERAGO and its subsidiaries not otherwise being restricted by law.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (“TSX”) under the trading symbol “TGO”. The Common Shares began trading on the TSX on June 26, 2007, the closing date of TERAGO’s initial public offering. Reported high and low daily trading prices, and the aggregate volume of trading in a month for 2023 are set forth in the table below.

Month of 2023	High (\$)	Low (\$)	Volume (#)
January	\$3.09	\$2.86	618,070
February	\$3.74	\$3.49	145,652
March	\$3.33	\$3.17	238,194
April	\$3.23	\$3.09	212,345
May	\$2.57	\$2.39	995,150
June	\$2.42	\$2.21	245,360
July	\$2.12	\$1.97	418,809
August	\$1.92	\$1.76	268,322
September	\$1.78	\$1.68	130,263
October	\$1.46	\$1.31	2,385,253
November	\$1.44	\$1.32	556,871
December	\$1.58	\$1.43	403,084

DIRECTORS AND OFFICERS

Directors

The following table sets out, for each of the directors, their name, province/state and country of residence, position(s) with TERAGO, principal occupation and the date in which the person became a director. Directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

<u>Name and Place of Residence</u>	<u>Director Since</u>	<u>Principal Occupation</u>
PIETRO CORDOVA..... <i>Rome, Italy</i>	June 15, 2022	Operating Partner, Ficom Leisure
DANIEL VUCINIC..... <i>Ontario, Canada</i>	June 15, 2023	Chief Executive Officer, TeraGo Inc
KENNETH CAMPBELL..... <i>Ontario, Canada</i>	August 5, 2020	Senior Adviser, Performance Management Partners (PMP Conseil), previously Founder and Director of Mobile Klinik Professional Smartphone Repair
TINA PIDGEON <i>New Jersey, USA</i>	June 15, 2023	Principal, Tina Pidgeon Strategies
JIM WATSON..... <i>Ontario, Canada</i>	June 15, 2023	Corporate Director, Previously Mayor of City of Ottawa, Ontario
FRED HRENCHUK..... <i>Alberta, Canada</i>	June 15, 2023	Principal, Citada Capital
MARTIN (MARTY) PINNES <i>Ontario, Canada</i>	June 29, 2021	COO, Shared Tower, previously Vice President of Finance and Corporate Development, FlexNetworks, and prior to that an investment professional at Treeline Capital Partners and Senior Portfolio Manager at the Canada Pension Plan Investment Board

Board Committees

The table below lists the committees of TERAGO's board of directors and their members.

<u>Committee</u>	<u>Members</u>
Audit.....	P. Cordova (Chair) M. Pinnes T. Pidgeon
Compensation.....	M. Pinnes (Chair) F. Hrenchuk K. Campbell
Corporate Governance.....	T. Pidgeon (Chair) J. Watson P. Cordova

Executive Officers

The following table sets out, for each of TERAGO's executive officers, the person's name, province/state and country of residence, position(s) with TERAGO as of the date of this AIF and prior occupations they've had during the five preceding years.

<u>Name and Place of Residence</u>	<u>Position(s) with TERAGO</u>	<u>Prior Principal Occupation</u>
DANIEL VUCINIC..... <i>Ontario, Canada</i>	Chief Executive Officer	Previously, COO at Centrilogic Inc (2021 – 2023), VP Strategic Development at Allstream (2017 – 2021), VP at Zayo (2016 – 2017)
PHILIP JONES <i>Nova Scotia, Canada</i>	Chief Financial Officer	Previously Chief Financial Officer at Redline Communications Inc (2019 to 2022), Maru Group (2018-2019) and , Mundo Media Inc (2009 – 2018) He is CA/CPA and CF designated.

Shares Held by Directors and Officers

To the knowledge of the Company, as of December 31, 2023, TERAGO's directors and executive officers (as a group) owned, or exerted direction or control over, a total of 202,331 Common Shares, representing 1.02% of the Company's total issued and outstanding Common Shares.

Cease Trade Orders

To the knowledge of the Company, except as outlined below, none of the directors or executive officers of the Company, is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an

event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Kenneth Campbell - Director of NuRAN Wireless Inc. – As announced on May 2, 2023, NuRAN Wireless Inc. (“NuRAN”) has been delayed in meeting the deadline for its annual filings and as a result, NuRAN applied for a management cease trade order (“MCTO”) under National Policy 12-203 - Management Cease Trade Orders (“NP 12-203”), which was granted by the BCSC. As per NuRAN’s press release, the MCTO does not affect the ability of shareholders to trade their securities and the general investing public will continue to be able to trade in NuRAN’s common shares. However, NuRAN’s CEO and CFO will not be able to trade the NuRAN’s common shares until such time as the Annual Filings have been filed and all continuous disclosure requirements have been satisfied by NuRAN, and the MCTO has been revoked by the BCSC.

Bankruptcies and Receiverships

To the knowledge of the Company, except as outlined below, none of the directors or executive officers of the Company, nor any shareholder holding a sufficient number of securities to affect materially the control of the Company, is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, (a) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee of the Company supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company’s accounting and financial reporting, internal controls and disclosure controls, legal and regulatory compliance, ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company’s external auditors, the management of

the Company's risk, credit worthiness, treasury plans and financial policy, and whistleblower and complaint procedures. A copy of the Audit Committee's Charter is attached as Schedule B to this AIF.

Composition of the Audit Committee

The current members of the Audit Committee are Pietro Cordova (Chair), Martin Pinnes and Tina Pidgeon. Each member of the Audit Committee is 'independent' and 'financially literate' within the meaning of Multilateral Instrument 52-110 – *Audit Committees*. The following lists the relevant education and experience of the members of TERAGO's Audit Committee that is relevant to his/her role in on the committee.

Pietro Cordova. Mr. Cordova is an Operating Partner at Ficom Leisure, a boutique advisory firm providing corporate, financial, and business advisory services focusing on strategic planning, organic and M&A driven growth, management/generational changes, capital structure optimization and restructuring. Mr. Cordova is the former CEO and member of the Board of Directors of (i) Veon Wholesale Services a wholesale telco company with approx. Euro 1 billion revenues, providing centralized provisioning, commercial, technology and value-added services for the 14 OpCos of the Veon Group worldwide and (ii) Wind Mobile in Canada (now trading as Freedom Mobile). Prior to this, Mr. Cordova was the Deputy CFO for Wind in Italy, a leading, €6bn revenue telco operator with over 35mln customers (wireline and wireless). He started his career in banking, subsequently moving to Telecom Italia (now trading as TIM) as Head of South America in the International Finance Dept, subsequently moving to the Atlantia Group (toll highways) as Finance Director. Mr. Cordova has extensive experience in growing and streamlining companies operating in highly regulated and competitive environments. Mr. Cordova, a Canadian and Italian citizen, holds a University Degree in Business Administration and Finance from "La Sapienza" University, Rome.

Martin Pinnes. Mr. Pinnes is the Chief Operating Officer of Shared Tower, an Oakville-based developer of communication infrastructure assets. Prior to joining Shared Tower, Mr. Pinnes served as Vice President of Finance and Corporate Development at FlexNetworks, a Toronto-based telecommunications provider that serves Winnipeg, key population centres in Saskatchewan, and Ottawa with a fibre-optic and wireless network, addressing a diverse range of customer types. Prior to joining FlexNetworks, Mr. Pinnes was an investment professional at Treeline Capital Partners, a Denver-based firm focused on the creation of investment platforms in real estate, energy and communications. Prior to Treeline Capital Partners, Mr. Pinnes was a Senior Portfolio Manager at the Canada Pension Plan Investment Board, with a focus on public equities in the telecommunications and media industries across North America, Europe and Latin America. Mr. Pinnes has extensive experience investing across the capital structure in public and private telecommunication businesses and has served on multiple Boards of private companies. Mr. Pinnes graduated from Colgate University with degrees in Mathematical Economics and Psychology.

Tina Pidgeon. Ms. Pidgeon is a 25-year veteran of the telecom and tech industry and a recognized leader in telecommunications policy development and broadband infrastructure deployment. As the Principal of Tina Pidgeon Strategies, she advises clients on business transformation, executable advocacy strategies, and organizational design. Ms. Pidgeon previously spent 17 years with GCI Communication Corp. (GCI), an Alaska telecommunications company providing statewide broadband and wireless services. As GCI's General Counsel, Chief Compliance Officer, and SVP, Governmental Affairs for a decade, she directed the company's legal, policy, regulatory, communications, compliance, and risk operations, and applied her DC-based expertise in broadband deployment, universal service policy, and wireless and video service matters. During that time, she served on the company's senior executive team, which guided significant wireless transactions and major infrastructure deployments across Alaska, and managed broadband, wireless, video, and traditional telecom service businesses. Ms. Pidgeon subsequently served as Special Advisor to the CEO, and earlier as Vice President of Federal Regulatory Affairs. Prior to her roles with GCI., Ms. Pidgeon was an associate with the law firm of Drinker Biddle & Reath LLP (now Faegre Drinker) in Washington, D.C., where she specialized in regulatory policy and compliance in the

telecommunications industry. Ms. Pidgeon also serves as a director of AP&T (Alaska Power and Tel), chairing the Governance and Nominating Committee; the American Oncologic Hospital, a comprehensive cancer center in Philadelphia, and the Fox Chase Cancer Center Foundation, chairing the Institutional Advancement Committee, and previously of Nova, an Icelandic mobile wireless and broadband company. Ms. Pidgeon is a graduate of the University of Virginia School of Law and the University of Notre Dame, and her efforts, experience, and leadership have been recognized by many industry and professional organizations.

Audit, Audit Related and Non-Audit Services

The following table is a summary of billings for services incurred by KPMG LLP during the years ended December 31, 2023, and 2022.

<u>Type of Work</u>	<u>Year Ended December 31, 2023</u>	<u>Year Ended December 31, 2022</u>
Audit Fees ⁽¹⁾	\$352,030	\$379,850
Audit-Related Fees ⁽²⁾	\$0	\$22,500
Tax Fees ⁽³⁾	\$39,590	\$33,710
Total	\$391,620	\$436,060

⁽¹⁾ These fees include professional services provided by the external auditor for the audits of the annual financial statements, review of the interim financial statements (for 2022 only), and involvement in the Company’s prospectus. Annual audit fees are reported in the above table on an accrual basis regardless of when billed.

⁽²⁾ These fees relate to due diligence related to divestitures, acquisitions and any business acquisition reports and French translation services.

⁽³⁾ These fees include professional services for tax compliance services.

The amounts indicated above are inclusive of disbursements and out of pocket expenses but are exclusive of HST and CPAB participation fees.

RISK FACTORS

The risk factors set out under the heading “Risk Factors” in the Company’s management’s discussion and analysis for the fiscal year ended December 31, 2023 (“**MD&A**”) is hereby incorporated by reference. The MD&A is available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

The Company’s auditors are KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, Vaughan Metropolitan Centre, 100 New Park Place, Suite 1400, Vaughan, Ontario, L4K 0J3. The Company’s consolidated annual financial statements for the year ended December 31, 2022, have been filed under National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) in reliance on the report of KPMG LLP. KPMG LLP has confirmed that they are independent with respect to the Company within the meaning of the relevant professional bodies in Canada and any applicable legislation and regulations.

MATERIAL CONTRACTS

The following are the material contracts that the Company or a subsidiary of the Company has entered into since January 1, 2023, or prior thereto but still in effect and that are required to be filed under NI 51-102:

Subscription Agreement

On April 14, 2021, TERAGO entered into subscription agreements with each of Cymbria Corporation (“**Cymbria**”) and certain other institutional investors (collectively, the “**Purchasers**”) pursuant to which the Purchasers will subscribe for an aggregate of 934,100 Series A Units, 934,100 Series B Units and 934,100 Series C Units of TERAGO at a subscription price of \$5.25 per Unit, for an aggregate purchase price of \$14,712,075, all by way of a private placement (the “**Private Placement**”). Each Unit is comprised of one common share in the capital of TERAGO (“**Common Share**”) and one-half (½) of a Series A, B or C Warrant (each a “**Warrant**”), each whole Warrant entitling the holder to purchase one Common Share.

For the three years following closing of the Private Placement, so long as Cymbria owns more than 10% of the outstanding Common Shares of TERAGO, it will have certain participation rights to future equity offerings of TERAGO to maintain its *pro-rata* ownership in the Common Shares. In addition, so long as Cymbria owns more than 10% of the outstanding Common Shares, it will have the right to specify an individual to be nominated to the board of directors of TERAGO.

Term Debt Facility

On September 29, 2022, TERAGO Networks entered into CrowdOut Credit Agreement with CrowdOut Capital LLC in the amount of USD\$ 20,000,000 (the “**Term Debt Facility**”). The Term Debt Facility is a draw down facility and terms include the following: Variable interest rate of SOFR + 9.00%, serviced with monthly interest payments only for a term of 36 months. The Term Debt Facility also includes a 1% annual rate standby fee for any amounts undrawn on the facility. The standby fee and interest amounts are payable monthly. The Term Debt Facility also requires an initial drawdown of USD \$5,000,000. At the conclusion of the term outlined in the CrowdOut Credit Agreement, there is an exit fee payable to the Lender of up to a maximum of CAD\$ 1,000,000 calculated on a pro-rata basis determined by the amount of the facility that has been drawn down at the time of exit. At December 31, 2022, the balance due to the Lender for the exit fee is \$250,000 which is based upon the amount drawn down at period end.

In accordance with the CrowdOut Credit Agreement, the Company also issued to the Lender 216,463 warrants for the purchase of common shares of TERAGO. Each warrant will be exercisable for the purchase of one common share for a period of up to five years from the date of the CrowdOut Credit Agreement. The warrants vest pro-rata as the Term Debt Facility is drawn down. The strike price for all warrants is CAD \$4.46 (based upon a 20% premium to the 30-day VWAP at the time of closing).

On October 3, 2022, TERAGO Networks drew down the initial approx. CAD \$6,694,000 (USD\$ 5,000,000) proceeds in conjunction with the terms of the CrowdOut Credit Agreement, resulting in the vesting of 54,116 of the issued warrants. Subsequent draws will be made at TERAGO Networks and the Company’s discretion with respect to both amount and timing and requires approval of the Board of Directors.

During the twelve months ended December 31, 2023, the Company made three additional draws (April, June, and November 2023) totalling to CAD \$11,355,000 (USD \$8,450,000) upon approval of the Board of Directors, resulting in the vesting of an additional 91,429 of the issued warrants.

During the twelve months ended December 31, 2023, the Company incurred additional transaction fees of CAD \$170,000 (USD \$127,000) and CAD \$422,000 for the accrued exit fee. All financing fees are

deferred and are recorded as a reduction in the carrying amount of debt. The amortization of the fees and interest expense for the twelve months ended December 31, 2023, were CAD \$457,000 and CAD \$1,900,000, respectively, which are included in finance costs.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Odyssey Trust Company Inc. at its principal transfer office in Calgary, Ontario.

ADDITIONAL INFORMATION

Additional information relating to TERAGO may be found on SEDAR at www.sedar.com and on TERAGO's website at www.terago.ca.

Additional information regarding directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in TERAGO's information proxy circular dated May 15, 2023, and will be contained in TERAGO's information circular for the next meeting of shareholders that involves the election of directors. Additional financial information is provided in TERAGO's financial statements and the MD&A for the fiscal year ended December 31, 2023.

SCHEDULE A - GLOSSARY OF TECHNICAL TERMS

“**24 x 7**” means 24 hours a day, seven days a week.

“**5G**” is a term used to describe the fifth generation of wireless technology for digital cellular and fixed wireless networks, which is expected to provide increased speed and responsiveness of wireless networks.

“**Backbone**” means the part of a telecommunications network that handles the major traffic. It employs the highest-speed transmission paths in the network and may also run the longest distances. Smaller networks are attached to the backbone, and networks that directly connect to the end user or customer are called “access networks.” A backbone can span a geographic area of any size from a single building to an office complex to an entire country.

“**Backhaul**” refers to the means by which data is transmitted from a base station or other collection point to a core network node, from which it can be distributed over a network. It is also sometimes referred to as transporting data to the network backbone.

“**Bandwidth**” means the amount of data that can be transmitted in a fixed amount of time. For digital, the bandwidth is usually expressed in bits per second (bps) or bytes per second. For analog devices, the bandwidth is expressed in cycles per second, or Hertz (Hz).

“**Broadband**” refers to a wide band of frequencies available to transmit information over a network.

“**CPE**” or customer premise equipment is any termination or associated device that is physically located at a customer’s premises that enables the location to receive telecommunication services from the provider’s network.

“**Ethernet**” refers to a transmission technology used in LANs, which typically provide data transmission rates that can range from 10 million to 1 billion bits per second.

“**Ethernet Switch**” means a LAN interconnection device which operates at the data link layer (layer 2) of the OSI reference model. A switch is fundamentally similar to a bridge, but usually supports a larger number of connected LAN segments and has a richer management capability.

“**Fixed Wireless**” refers to the operation of wireless devices or systems between fixed locations such as buildings and towers.

“**GHz**” or “**Gigahertz**” refers to a measurement used for microwave frequencies that are common in wireless communications.

“**IP**” or “**Internet Protocol**” refers to the method or protocol by which data is sent from one computer to another on the Internet.

“**LAN**” or “**Local Area Network**” refers to a computer network or data communications network which is confined in a limited geographical area.

“**Mbps**” or “**millions of bits per second**” or “**megabits per second**” refers to a measure of the total information flow over a given period of time on a telecommunication medium.

“**MPLS**” means Multi-Protocol Label Switching.

“**QoS**” means Quality of Service.

“**Spectrum Licenses**” means use of radio frequency bands of the electromagnetic spectrum regulated by the federal government.

“**VLAN**” or “**Virtual (Logical) Local Area Network**” refers to multiple local area networks (“LANs”) simulated over a single network medium.

SCHEDULE B - AUDIT COMMITTEE CHARTER

The Board of Directors of TERAGO Inc. (the “**Board**”) has established an Audit Committee (the “**Committee**”) to assist the Board in fulfilling its oversight of the financial reporting process including the integrity of the Corporation’s accounting and financial reporting, the Corporation’s internal controls and disclosure controls, the Corporation’s legal and regulatory compliance, the Corporation’s ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Corporation’s external auditors, the management of the Corporation’s risks, the Corporation’s credit worthiness, treasury plans and financial policy and the Corporation’s whistleblower and complaint procedures.

1. MEMBERSHIP

- The Committee will have a minimum of three members, including the Chair of the Committee. The Board will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- The Board will appoint the Chair of the Committee from the Committee’s members by a majority vote. The Chair of the Committee will hold such position at the pleasure of the Board.
- All members of the Committee will be Independent Directors. A director is independent if he or she has no direct or indirect material relationship with the Corporation as determined in accordance with applicable laws and regulations.
- All members of the Committee will be financially literate as defined in accordance with applicable securities laws and standards.

2. MEETINGS

- The Committee will meet at least once each quarter corresponding with the Corporation’s reporting cycle and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- The Chair of the Committee will prepare an agenda in advance of each meeting.
- The notice, agenda and supporting documentation will be circulated to the members of the Committee at least five days in advance of the meeting to allow members appropriate time to prepare for the meeting. The notice and agenda will also be circulated to the CEO and all Directors.
- All Directors of the Corporation, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- At each meeting of the Committee, the Committee members may meet in private sessions among themselves only; and when appropriate with the external auditors only; and with Management only.
- The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.

3. QUORUM

- The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee.

4. DUTIES

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

Financial Reporting

Prior to public disclosure, the Committee in consultation with management, and where appropriate the external auditors, will review and recommend to the Board for approval:

- the annual audited financial statements and interim unaudited financial statements of the Corporation;
- the interim and annual management's discussion and analysis of financial condition and results of operations ("MD&A") of the Corporation;
- earnings press releases and earnings guidance, if any;
- management's Statement on Financial Reporting; and
- all other material financial public disclosure documents of the Corporation including prospectuses, press releases with financial results and the Annual Information Form.

External Auditors

The external auditors will report directly to the Committee and the Committee will:

- Recommend to the Board, for shareholder approval the external auditors and determine the compensation of the external auditors;
- oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit to be performed. The Committee will discuss with the external auditors and management, the adequacy and effectiveness of the disclosure controls and internal controls of the Corporation and elicit recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable;
- meet with the external auditors without management present and ask the external auditors to report any significant disagreements with management regarding financial reporting, the resolution of such disagreements and any restrictions imposed by management on the scope and extent of the audit examinations conducted by the external auditors;
- pre-approve all audit, audit-related and non-audit services to be provided to the Corporation or any of its subsidiaries, by the external auditors (and its affiliates), in accordance with applicable securities laws;
- annually review the qualification, expertise and resources and the overall performance of the external audit team and, if necessary, recommend to the Board the termination of the external auditors or the rotation of the audit partner in charge;
- annually assess and confirm the independence of the external auditors and require the external auditors to deliver an annual report to the Committee regarding its independence, such report to include disclosure regarding all engagements (and fees related thereto) by the Corporation and relationships which may impact the objectivity and independence of the external auditors;
- require the external auditors to deliver an annual acknowledgement in writing to the Committee that the shareholders, as represented by the Board and the Committee, are its primary client;

- review post-audit or management letters, containing recommendations of the external auditors and management's response;
- review reports of the external auditors; and
- pre-approve the hiring of employees and former employees of current and former auditors in accordance with applicable securities laws.

Notwithstanding the above, the Committee may delegate the pre-approval of non-audit services to any one member of the Committee, provided, however, a report is made to the Committee on any pre-approval of such services at the Committee's first scheduled meeting following the pre-approval.

Whistleblower, Ethics, and Internal Controls Complaint Procedure

The Committee will ensure that the Corporation has in place adequate procedures for:

- the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, auditing matters or conflicts of interest; and
- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Committee, and the Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.

Accounting and Financial Matters

The Committee will review:

- with management and the external auditors, the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that could materially affect the financial results and whether they should be disclosed in the MD&A;
- emerging accounting issues and their potential impact on the Corporation's financial reporting;
- significant judgments, assumptions and estimates made by management in preparing financial statements;
- the evaluation by the external auditors of management's internal control systems, and management's responses to any identified weaknesses;
- the evaluation by management of the adequacy and effectiveness in the design and operation of the Corporation's disclosure controls and internal controls for financial reporting;
- audits designed to report on management's representations on the effectiveness and efficiency of selected projects, processes, programs, or departments; and
- management's approach for safeguarding corporate assets and information systems, the adequacy of staffing of key financial functions and their plans for improvements.

Credit Worthiness, Treasury Plans and Financial Policy

The Committee will review with management:

- the Corporation's financial policies and compliance with such policies;
- the credit worthiness of the Corporation;
- the liquidity of the Corporation; and
- important treasury matters including financing plans.

Legal/Regulatory Matters and Ethics

The Committee will review:

- with management, the external auditors and, if appropriate, legal counsel, any litigation, claim or other contingency, including any tax assessment, that could have a material effect upon the financial position or operating results of the Corporation;
- annually, management's relationships and compliance with regulators, and the accuracy and timeliness of filing with regulatory authorities; and
- annually, the ethics policy, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy.

Risk Management

The Committee will:

- consider reports on the annual enterprise business risk assessment and updates thereto;
- consider reports on the business continuity disaster recovery plan(s) for the Corporation;
- consider reports on the insurance coverage of the Corporation;
- consider reports on financial risk management including derivative exposure and policies;
- monitor, on behalf of the Board, the Corporation's compliance with environmental legislation; and
- review other risk management matters as from time to time the Committee may consider suitable or the Board may specifically direct.

Other

The Committee will review:

- the proposed disclosure concerning the Committee to be included in the Corporation's disclosure documents to verify, among other things, that it is in compliance with applicable securities law requirements;
- significant related party transactions and actual and potential conflicts of interest relating thereto to verify their propriety and that disclosure is appropriate; and
- at least once annually, evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Board via the Corporate Governance Committee.

The Committee will also have such other duties and responsibilities as are delegated to it and review such other matters as, from time to time, are referred to it by the Board.

5. AUTHORITY

The Committee, in fulfilling its mandate, will have the authority to:

- after informing the Board Chair and the CEO, engage and set compensation for independent counsel and other advisors;
- Communicate directly with the CFO, the External Auditors and General Counsel/Director of Legal; and
- after informing the Board Chair and the CEO, access appropriate funding as determined by the Committee to carry out its duties.