TERAGO INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2024

March 26, 2025

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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, 2024, unless otherwise indicated.

Unless otherwise indicated, all dollar amounts are expressed in thousands of Canadian dollars, except per share amounts and percentages.

This AIF is prepared as of March 26, 2025. You should read this AIF in conjunction with our audited consolidated financial statements for the year ended December 31, 2024 and the management's discussion and analysis thereon ("MD&A"). The Company prepares its consolidated financial statements in Canadian dollars and in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS**").

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 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.

Additional information about us, including copies of our continuous disclosure materials is available on our website at www.terago.ca and through the website maintained by the Canadian Securities Administrators ("SEDAR") at www.sedarplus.com.

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".

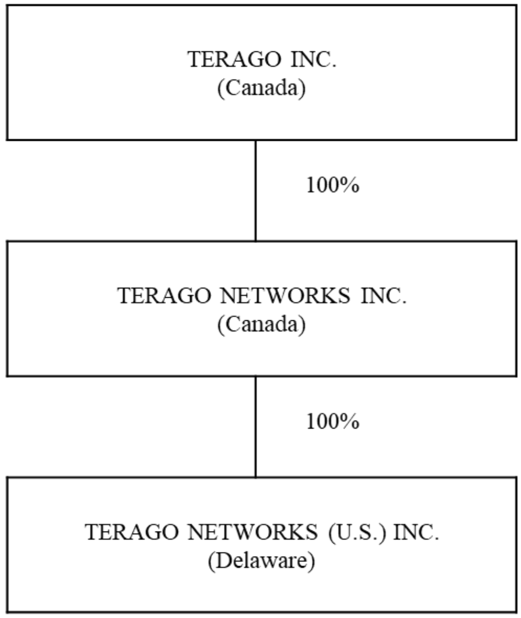
The Company's head and registered office is located at 55 Commerce Valley Drive West, Suite 800, Thornhill, Ontario L3T 7V9. TERAGO also has locations in Vaughan and Kitchener, Ontario, Calgary and Edmonton, Alberta and Vancouver, British Columbia. TERAGO's website address is www.terago.ca. The website 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, 2024:



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 Mobilexchange Spectrum Inc. and Mobilexchange 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

Fiscal 2024

On April 1, 2024, the Company appointed Rajneesh Sapra as the new CFO. Mr. Sapra has more than two decades of experience in the technology sector and brings strategic leadership, broad capital markets experience, strong M&A track record and operational focus to the business. Mr. Sapra most recently served as CFO of NexJ Systems, a publicly traded fintech company where he led the finance function end-to-end and played a pivotal role in leading the company through significant milestones, including its successful initial public offering and eventual acquisition by a large Canadian software company.

On May 15, 2024, the Company announced its reiterated confidence in its Fixed Wireless and 5G strategy following the issuance of Innovation, Science and Economic Development Canada's ("ISED") decision on the licensing process for existing licencees in the 24 GHz and 38 GHz bands and considerations related to the mmWave Auction ("Decision").

The Decision re-iterated by the Minister of Innovation, Science and Industry's objectives for the licensing of the relevant licences in the 24 GHz band and 38 GHz band. These include to:

- foster investment and the evolution of wireless networks by enabling the development of high-quality 5G networks and technology; and

- support sustained competition in the provision of wireless services so that all consumers and businesses benefit from greater choice and competitive prices.

Two major parts to this Decision address: (1) Licence Renewals; and (2) Potential for repurposing the 24 GHz band prior to finalizing the mmWave auction framework.

- **For Licence renewals**, existing 24 GHz and 38 GHz spectrum licensees must demonstrate to ISED's satisfaction that they have met all conditions of Licence indicated in the 2014 Renewal Decision. Also, these licences will be issued annually and will be renewed annually until a new licencing process is established for 24 GHz and a future transition to flexible use can occur for 38 GHz bands.

  This is significant as TERAGO will continue to hold all existing licences, ensuring no disruption of services, additional costs, changes, restrictions and spectrum "claw back" until a new framework and mmWave auction occurs. Most of all, it provides additional certainty and clarity to TERAGO's clients, employees, and shareholders.

- **For the 24 GHz band**, ISED received a number of comments requesting it to be repurposed and auctioned along with the proposed 26, 28 and 38 GHz mmWave bands. ISED recognized that understanding the full range of spectrum that will be made available for auction in the mmWave bands will allow stakeholders to better determine their valuation for mmWave licences and that the potential use cases for mmWave spectrum, including the amount of spectrum needed for them, are still developing.

  As such, ISED plans to consult on the potential for repurposing the 24 GHz band prior to deciding on the timing and structure of the proposed mmWave auction. Furthermore, ISED recognizes the 24 GHz licensees' need for certainty regarding the future of their licences in order to continue to provide service and invest in infrastructure.

ISED also recognizes that a future flexible use licensing process would enable the continuation of existing 24 GHz band services and support the growing demand for next-generation wireless services.

The 3rd Generation Partnership Project (3GPP) has standardized 24 GHz band as part of the global band for 5G. ISED continues to work towards that direction since they upgraded 24 GHz to Priority 1 in August 2023 and is consulting on the repurposing of it prior to deciding on the mmWave auction.

On May 29, 2024, the Company amended certain terms of the credit agreement entered into between, inter alios, CrowdOut and the Company as of September 29, 2022 (the "Credit Agreement") (as amended by that certain First Amendment to Credit and Guaranty Agreement dated as of May 29, 2024 (the "Amending Agreement") relating to the Company's secured debt facility, and added Cymbria Corporation as an additional lender to the syndicate as per the Amending Agreement, while maintaining consistency with the initial framework of the Credit Agreement. See "Material Contracts – Credit Facility."

On November 5, 2024, the Company announced that a major Canadian retailer selected TERAGO as a strategic partner to enhance their applications and network infrastructure across all locations nationwide. The retailer, an established leader in the hardware equipment, tools, and industrial supplies with locations across Canada, sought to upgrade its connectivity solutions to ensure redundancy, boost performance, strengthen network security, and significantly enhance the client experience. They chose TERAGO's advanced Managed Fixed Wireless Internet and SDWAN solutions based on its superior product offering, speed to market, premium white-glove service and cost profile.

In March 2025, ISED published a Consultation on the repurposing of the lower portion of the 26 GHz band (24.25-26.5 GHz) to flexible use. In addition, this Consultation is an addendum to the consultation entitled SPB-001-22, Consultation on a Policy and Licensing Framework for Spectrum in the 26, 28 and 38 GHz Bands (the 2022 Consultation) to change the proposed spectrum available for future mmWave auction and non-competitive local (NCL) licensing processes. Previously, the 24.25-26.5 GHz range was referred to as the 24 GHz band. However, to conform to international norms, this range will now be called the lower 26 GHz band. This name was also selected to distinguish it from the upper 26 GHz band (26.5-27.5 GHz) which is also part of this consultation. ISED is proposing to combine these two bands as the 26 GHz band with a range from 24.25 GHz – 27.5GHz. The 26 GHz, 28 GHz and 38 GHz bands are collectively referred to as the mmWave bands. All responses to ISED are due by May 5, 2025.

Fiscal 2023

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 was appointed.

Fiscal 2022

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 U.S. $20 million. The CrowdOut Credit Agreement is a draw down facility. On October 3, 2022, TERAGO Networks took the initial draw of U.S. $5 million in accordance with the CrowdOut Credit Agreement. See "Material Contracts – Credit Facility."

DESCRIPTION OF THE BUSINESS

TERAGO provides managed network and security services to businesses across Canada ensuring highly secure, reliable and redundant connectivity services including private 5G wireless networks, fixed wireless access, fiber and cable wireline network connectivity. As Canada's biggest mmWave spectrum holders, the Company possesses exclusive spectrum licenses in the 24 GHz and 38 GHz spectrum bands, which it utilizes to provide secure, dedicated SLA guaranteed enterprise grade performance that is technology diverse from buried cables ensuring high availability connectivity services. TERAGO serves over 1,800 Canadian and Global businesses operating in major markets across Canada, including Toronto, Montreal, Calgary, Edmonton, Vancouver, Ottawa, and Winnipeg, and has been providing wireless services since 1999.

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

Service	**Speed**	**Benefits**	**Customer Profile**
Unlimited Internet	20 Mbps to 10 Gbps (Dedicated)	• Guaranteed symmetrical bandwidth • Premium service level agreement	• 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 Private Wireless Networks

Over the past year, the Company has continued 5G technical trials with various 5G private 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 private 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, Fortinet, Ericsson, Intracom, Cisco, Nokia, Askey, and Mimosa (a division of Airspan which was 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 417 active hub sites across Canada, TERAGO is also deploying fibre-optic facilities between hubs to provide backhaul capabilities.

Customer Locations

TERAGO has approximately 1,800 customers. Customer locations are typically equipped with a broadband wireless radio and, depending upon the services deployed, a managed Ethernet switch, SD-Wan appliance, 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 6,420 MHz of spectrum across Canada's 15 largest metropolitan regions and has a total coverage of approximately 26 million of the population in Canada (or nearly 11 million households)[1]. 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.

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.

1 Based on 2021 Canadian data cited by ISED.

SALES, MARKETING AND CUSTOMER SUCCESS

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 and Marketing

The sales team is comprised of client executives and partner Channel executives, and each is supported by Client solution architects. 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. Channel 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 Client solution architects provide support to the sales team by providing customers with technical support and expertise in network, cyber and 5G Private Network solutions.

The marketing group includes a marketing team responsible for 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.

Customer Success

The customer success group includes client experience team and a product team. Activities within the client experience team include customer contact strategy planning, customer retention, contracts renewals, churn management and reporting. The customer success group also includes the product management team which has the primary focus on the 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, 2024, TERAGO had a total 98 employees, with 13 in sales and marketing, 21 in customer success and product, 47 in operations and 17 in general and administrative and management 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. 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 SME segment 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.

RISK FACTORS

The risk below are not intended to be an exhaustive list of all the risks facing the Company. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the trading price of our Common Shares to decline. If any of the following or other risks occurs, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Common Shares could decline, and investors could lose all or part of their investment in the Common Shares. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

Revenues and Operating Results Can Fluctuate

Our revenue in past periods may not be indicative of future performance from quarter to quarter or year to year. In addition, our operating results may not follow any past trends. The factors affecting our revenue and results, many of which are outside of our control, include:

- competitive conditions in the industry, including strategic initiatives by us or our competitors, new services, service announcements and changes in pricing policy by us or our competitors.
- market acceptance of our services.
- timing and contractual terms of orders for our services, which may delay the recognition of revenue.
- the discretionary nature of purchase and budget cycles of our customers and changes in their budgets for, and timing of, services orders.

- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments, or changes in business strategy.
- general weakening of the economy resulting in a decrease in the overall demand for telecommunications, or IT services or otherwise affecting the capital investment levels of medium-sized and enterprise businesses.
- timing of the development of new service offerings.
- no assurance that the Company's current and future competitors will not be able to develop infrastructure expertise comparable or superior to those developed by the Company or to adapt more quickly than the Company to new technologies, evolving industry standards or customer requirements.

5G private networks Business launch is unsuccessful.

The Company's proposed 5G mmWave private networks business (the "5G Private Networks Business") is subject to many risks. The Company is still in the process of testing and trialing equipment that would be vital to offering any 5G fixed wireless service and 5G Private Wireless Networks to its customers and there are currently no assurances that such trials will be successful, nor will there be assurances that there is suitable equipment available from vendors. As of the date hereof, the general availability of 5G mmWave Stand-alone Core and Radio equipment are available however the User Equipment (UE) has been delayed in the market as reported by various partners and vendors the Company has been working with.

In addition, the opportunities and business case for the 5G Private Networks Business has not yet been fully developed nor fully explored, and therefore no assumptions or assurances can be made that TERAGO will develop or provide 5G-services on a commercial basis. Moreover, the Company has not fully determined the capital needs, and whether such capital is available to provide 5G-related services. The demand for such services is estimated only. While indications are that there will be a high demand, it remains to be seen whether such demand will materialize.

Regulatory Risk

The Company has risks which can be collectively categorized as Regulatory Risk, consisting of the impact of future ISED Consultation with regards to Spectrum; Regulatory environment; Obtaining and maintaining licensed spectrum. Future ISED Consultations and decisions resulting in unfavourable outcome for 24 GHz and 38 GHz spectrum bands.

While the decision issued on June 5, 2019, by ISED for the Consultation on Releasing Millimetre Wave Spectrum to Support 5G was generally favourable from the perspective of the Company for its 38 GHz spectrum licenses, the decision also contemplates that there will be a future consultation on the 38 GHz band to establish the licensing framework for the new 38 GHz flexible use licenses. In addition, ISED also noted that when new flexible use licenses are issued, existing licensees will be issued such licenses under a new spectrum band plan which will necessitate the assignment to the Company of new frequency blocks. These new flexible licenses are also expected to cover smaller licensing areas than the existing Tier 3 license areas of current licenses. As such, the full extent of the rules and terms and conditions surrounding the Company's 38 GHz spectrum licenses when converted over to flexible use have not yet been established. The new rules, as well as terms and conditions of these licenses could have a negative impact on the Company's operations and may cause either disruption of services or will require additional costs to ensure the Company maintains its existing deployments to service customers.

ISED has previously identified and designated the 38 GHz band as a Priority 1 band for future use to support the deployment of 5G and recently the 24 GHz band has been upgraded to Priority 1 as well. 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.

In May 2024, ISED published Decision on the Licensing Process for Existing Licensees in the 24 and 38 GHz Bands and Considerations Related to the mmWave Auction. As a result of this decision, TERAGO will retain all existing licences and those licences will be renewed annually until a new licensing process is established. In addition to the licence renewals, ISED indicated that it plans to consult on the potential for repurposing the 24 GHz band prior to deciding on the timing and structure of the proposed mmWave auction.

The pending decision on the terms of repurposing the 24GHz band and the structure of the proposed mmWave auction for 38 GHz and 24 GHz that the Company holds may be unfavourable in terms of timing, renewal fees and spectrum "claw back" which could have a negative effect on the value of these licenses, severely inhibit the Company's 5G Private Networks Business plan, and therefore impact negatively on the value of the Common Shares.

Regulatory Environment

We are subject to the laws of Canada and to regulations set by regulatory authorities of the Canadian government, primarily the CRTC and ISED. Regulatory authorities may adopt new laws, policies, or regulations, or change their interpretation of existing laws, policies, or regulations, that could cause our existing authorizations to be changed or cancelled, require us to incur additional costs, or otherwise adversely affect our operations, revenue, or cost of capital.

Any currently held regulatory approvals or licences may be subject to rescission and non-renewal. Additional approvals or licences may be necessary that we may not be able to obtain on a timely basis or on terms that are not unduly burdensome. Further, if we fail to obtain or maintain particular approvals on acceptable terms, such failure could delay or prevent us from continuing to offer some or all of our current or new services, or offer new services, and adversely affect our results of operations, business prospects and financial condition. Even if we were able to obtain the necessary approvals, the licences, or other approvals we obtain may impose significant operational restrictions. The acquisition, lease, maintenance, and use of spectrum are extensively regulated in Canada.

These regulations and their application are subject to continual change as new legislation, regulations or amendments to existing regulations are adopted from time to time by governmental or regulatory authorities, including as a result of judicial interpretations of such laws and regulations. Current regulations directly affect the breadth of services we are able to offer and may impact the rates, terms, and conditions of our services.

The breach of the conditions of a licence or applicable law, even if inadvertent, can result in the revocation, suspension, cancellation, or reduction in the term of a licence or the imposition of fines. In addition, regulatory authorities may grant new licences to third parties, resulting in greater competition in markets where we already have rights to licenced spectrum. In order to promote competition, licences may also require that third parties be granted access to our bandwidth, frequency capacity, facilities, or services. We may not be able to obtain or retain any required licence, and we may not be able to renew our licences on favourable terms, or at all.

Our internet access services may become subject to greater regulation in the future. If we become subject to proceedings before the CRTC or ISED with respect to our compliance with the relevant legislation and regulations relating to restrictions on foreign ownership and control, we could be materially adversely affected, even if it were ultimately successful in such a proceeding. There can be no assurance that a future CRTC or ISED determination or events beyond our control will not result in our ceasing to comply with the relevant legislation or regulations. If this occurs, our ability to operate as a Canadian carrier under the Telecommunications Act or to hold, renew or secure licences under the Radiocommunication Act could be jeopardized and our business, operating results and financial condition could be materially adversely affected.

Obtaining and Maintaining Licenced Spectrum in Certain Markets

To offer our internet services using licenced spectrum in Canada, we depend on our ability to acquire and maintain sufficient rights to use spectrum through ownership, long-term leases, or developmental licences in each of the markets in which we operate or intend to operate. Obtaining the necessary amount of licenced spectrum can be a long and difficult process that can be costly and require a disproportionate amount of our resources. We may not be able to acquire, lease or maintain the spectrum necessary to execute our business strategy. In addition, we may spend significant resources to acquire spectrum licences, even if the amount of spectrum actually acquired in certain markets is not adequate to deploy our network on a commercial basis in all such markets.

Using licenced spectrum, whether owned, leased, or developmental, poses additional risks to us, including:

- inability to satisfy build-out or service deployment or research and development requirements upon which our spectrum licences or leases are, or may be, conditioned.
- adverse changes to regulations or licence conditions governing our spectrum rights.
- inability to use the spectrum we have acquired or leased due to interference from licenced or licence-exempt operators in our band or in adjacent bands.
- refusal by ISED to recognize our acquisition or lease of spectrum licences from others or our investments in other licence holders.
- inability to offer new services (including 5G) or to expand existing services to take advantage of new capabilities of our network resulting from advancements in technology due to regulations governing our spectrum rights.
- inability to control leased spectrum due to contractual disputes with, or the bankruptcy or other reorganization of, the licence holders.
- failure of ISED to renew our spectrum licences as they expire and our failure to obtain extensions or renewals of spectrum leases before they expire.
- imposition by ISED of new or amended conditions of licence, or licence fees, upon the renewal of our spectrum licences or in other circumstances.
- potentially significant increases in spectrum prices, because of increased competition for the limited supply of licenced spectrum in Canada; and
- invalidation of our authorization to use all or a significant portion of our spectrum, resulting in, among other things, impairment charges related to assets recorded for such spectrum.

We expect ISED to make additional spectrum available from time to time. Additionally, other companies hold spectrum rights that could be made available for lease or sale. The availability of additional spectrum in the marketplace could change the market value of spectrum rights generally and, as a result, may adversely affect the value of our spectrum assets.

We also use radio equipment under individual radio licences issued by ISED, and subject to annual renewal. We may not be able to obtain the licences we require thereby jeopardizing our ability to reliably deliver our internet services. ISED may decline to renew our licences, or may impose higher fees upon renewal, or impose other conditions that adversely affect us. ISED may decide to reassign the spectrum in the bands we use to other purposes and may require that we discontinue our use of radio equipment in such bands.

Insufficient Capital

The continued growth and operation of our business requires additional funding for working capital, debt service, the enhancement and upgrade of our network, the build-out of infrastructure to expand the coverage area of our services, possible acquisitions, and possible bids to acquire spectrum licences. We may be unable to secure such funding when needed in adequate amounts or on acceptable terms, if at all.

To execute our business strategy, we may issue additional equity securities in public or private offerings, potentially at a price lower than the market price at the time of such issuance. Similarly, we may seek debt financing and we may be forced to incur significant interest expense. If we cannot secure sufficient funding, we may be forced to forego strategic opportunities or delay, scale back or eliminate network deployments, operations, acquisitions, spectrum acquisitions and other investments.

Reliance on Certain Third Parties

We rely on third-party suppliers, in some cases sole suppliers or limited groups of suppliers, to provide us with components necessary for the operation and upgrading of our network and infrastructure, as well as to develop our 5G Private Networks Business Plan. If we are unable to obtain sufficient allocations of components, our 5G initiatives and/or network expansion will be delayed, we may lose customers and our profitability will be affected. Reliance on suppliers also reduces our control over costs, delivery schedules, reliability, and quality of components. Any inability to obtain timely deliveries of quality components, or any other circumstances that would require us to seek alternative suppliers, could adversely affect our ability to expand and maintain our network or infrastructure.

In addition, the Company relies on third party partners, agents, and resellers to carry out its business. If these third parties do not honour their contractual commitments or cease to do business, it may have a significant impact on our business. Replacements for such third parties may require a lengthy period of time in order to establish a commercially comparable relationship.

The Company has recently aligned with several partners both as part of its channel program, as well as its technology program. The benefits of such partnerships have not yet been proven and an early termination of the partnerships or any unanticipated setbacks may have a material impact on the Company’s business and strategic plan.

Licence-exempt Spectrum

We presently utilize licence-exempt spectrum in connection with a majority of our internet customers. Licence-exempt or “free” spectrum is available to multiple simultaneous users and may suffer bandwidth limitations, interference, and slowdowns if the number of users exceeds traffic capacity. The availability of licence-exempt spectrum is not unlimited, and others do not need to obtain permits or licences to utilize the same licence-exempt spectrum that we currently or may in the future utilize, threatening our ability to reliably deliver or expand our services. Moreover, the prevalence of licence-exempt spectrum creates low barriers to entry in our business, creating the potential for heightened competition.

Price Sensitive Market

The competitive market in which the Company conducts its business could require the Company to reduce its prices. If competitors offer discounts on certain products or services in an effort to recapture or gain market share or to sell other products, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would likely reduce the Company’s margins and could adversely affect operating results. Some of the Company’s competitors may bundle services that compete with the Company for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that the Company can charge for its products. If the Company cannot offset price reductions with a corresponding increase in volume, bundling of services or with lower spending, then the reduced revenues resulting from lower prices would adversely affect the Company's margins and operating results.

Market Demand for Available Capacity

The Company currently has available capacity in its network infrastructure and other assets. There can be no assurance that the existing or future market demand will be sufficient to fill this capacity. Should the demand for the Company's services decline or fail to increase, this may negatively affect the Company's ability to capitalize on its high operating leverage and may adversely affect the Company's future financial performance.

Reductions in the amount or cancellations of customers' orders would adversely affect our business, results of operations and financial condition.

Cyber Security Risk

Our network security and the authentication of our customer credentials are designed to protect unauthorized access to data on our network and to our data centre premises. Because techniques used to obtain unauthorized access to or to sabotage networks (including DDoS attacks) change frequently and may not be recognized until launched against a target, we may be unable to anticipate or implement adequate preventive measures against unauthorized access or sabotage. Consequently, unauthorized parties may overcome our network security and obtain access to confidential, customer or employee data on our network, including on a device connected to our network. In addition, because we own and operate our network, unauthorized access or sabotage of our network could result in damage to our network and to the computers or other devices used by our customer. An actual or perceived breach of network security could harm public perception of the effectiveness of our security measures, adversely affect our ability to attract and retain customers, expose us to significant liability and adversely affect our business and revenue prospects.

The Company aims to mitigate and manage certain cyber security risks by employing specific policies and procedures, carrying out IT security-related audits, establishing internal controls relevant to mitigating security risks, performing certain "penetration" tests either internally or with help of third party consultants, obtaining IT security-related compliance certificates, designating a security officer that oversees the IT security of the Company, designating a privacy officer that is accountable for the Company's compliance with applicable privacy laws, using DDoS mitigation, tools and services, utilizing back-up and disaster recovery services and maintaining specific cyber liability insurance coverage to insure against cyber security incidents. The Audit Committee of Company has been tasked to periodically review the various measures management and the Company has undertaken to manage its cyber security risks.

Excessive Customer Churn

The successful implementation of our business strategy depends upon controlling customer churn. Customer churn is a measure of customers who stop using our services. Customer churn could increase as a result of:

- billing errors and/or reduction in the quality of our customer service.
- interruptions to the delivery of services to customers.
- the availability of competing technology and other emerging technologies, some of which may, from time to time, be less expensive or technologically superior to those offered by us; and
- competitive conditions in the industry, including strategic initiatives by us or our competitors, new services, service announcements and changes in pricing policy by us or our competitors.

An increase in customer churn can lead to slower customer growth, increased costs, and a reduction in revenue. Given the current economic environment, there is risk that churn levels could increase in the future.

Key Competitors are More Established and Have More Resources

The market for internet access and data connectivity are highly competitive, and we compete with several other companies within each of our markets. Many of our competitors are better established or have greater financial and spectrum resources than we have. Our competitors include:

- ILECs and CLECs providing DSL and fibre-optic enabled services over their existing wide, metropolitan, and local area networks and who have started to provide cloud and colocation services;
- Telcos offering or planning to offer internet and data connectivity over fibre optic networks;
- cable operators offering high-speed Internet connectivity services and voice communications;
- wireless Internet service providers using licenced or licence-exempt spectrum;
- satellite and fixed wireless service providers offering or developing broadband Internet connectivity and VoIP; and
- resellers providing wireless Internet or other wireless services using infrastructure developed and operated by others.

Many of our competitors are well established with larger and better developed networks and support systems, longer standing relationships with customers and suppliers, greater name recognition and greater financial, technical, and marketing resources than we have. Our competitors may subsidize competing services with revenue from other sources and, thus, may offer their products and services at prices lower than ours. We may not be able to reduce our prices which may make it more difficult to attract and retain customers.

We expect other existing and prospective competitors to adopt technologies and/or business plans similar to ours or seek other means to develop services competitive with ours, particularly if our services prove to be attractive in our target markets.

Acquisitions and Other Strategic Transactions

We may from time to time make strategic acquisitions or divestitures certain assets and businesses. Any such transactions can be risky, may require a disproportionate amount of our management and financial resources and may create unforeseen operating difficulties or expenditures, including:

- difficulties in integrating acquired or carving out businesses and assets while maintaining uniform standards, controls, policies, and procedures;
- obligations imposed on us by counterparties in such transactions that limit our ability to obtain additional financing, our ability to compete in geographic areas or specific lines of business or other aspects of our operational flexibility;
- increasing cost and complexity of assuring the implementation and maintenance of adequate internal control and disclosure controls and procedures;
- difficulties in consolidating and preparing our financial statements due increased complexity, or due to poor accounting records, weak financial controls and, in some cases, procedures at acquired entities not based on IFRS, particularly those entities in which we lack control; and
- inability to predict or anticipate market developments and capital commitments relating to the acquired company, business or assets.

If we do not successfully address these risks or any other problems encountered in connection with an acquisition or divestiture, the transaction could have a material adverse effect on our business, results of operations and financial condition. In addition, if we proceed with an acquisition, our available cash may be used to complete the transaction, diminishing our liquidity and capital resources, or additional equity may be issued which could cause significant dilution to existing shareholders.

Changes to Technologies and Standards

The industries TERAGO operates is characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of new or alternative technology and the emergence of new industry standards may render our existing network, equipment and/or infrastructure obsolete and our services unmarketable and may exert price pressures on existing services. It is critical to our success that we be able to anticipate changes in technology or in industry standards and ensure that we can leverage such new technologies and standards in a timely and cost-effective manner to remain competitive from a service and cost perspective. Rapid changes in business demands may also affect the Company's internal processes where certain software tools, processes, and standards may become inefficient or obsolete. The Company may fail to keep pace with changes in these technologies and practices which may result in operational breakdowns and/or financial losses.

Investments in Development of New Technologies, Products and Services

The Company has and will continue to make significant investments in the development and introduction of new products and services that make use of the Company's network, infrastructure, and equipment. There is no assurance that the Company will be successful in implementing and marketing these new products and services (including 5G) in a reasonable time, or that they will gain market acceptance. Development could be delayed for reasons beyond our control. Alternatively, we may fail to anticipate or satisfy the demand for certain products or services or may not be able to offer or market these new products or services successfully to customers. The failure to attract customers to new products or services, cross-sell service to our existing customer base or failure to keep pace with changing consumer preferences for products or services would slow revenue growth and could have a materially adverse effect on our business, results of operations and financial condition.

Expanding, Upgrading and Maintaining Network and Infrastructure

We expect to allocate significant resources in expanding, maintaining, and improving our network. Additionally, as the number of our customer locations increases, as the usage habits of our customers change and as we increase our service offerings, we may need to upgrade our network to maintain or improve the quality of our services. If we do not successfully implement upgrades to our network, the quality of our services may decline, and our churn rate may increase.

We may experience quality deficiencies, cost overruns and delays with the expansion, maintenance and upgrade of our network and existing infrastructure including the portions of those projects not within our control. Expansion of our network or infrastructure may require permits and approvals from governmental bodies and third parties. Failure to receive approvals in a timely fashion can delay expansion of our network. In addition, we are typically required to obtain rights from land, building and tower owners to install the antennas and other equipment that provide our internet access service to our customers. We may not be able to obtain, on terms acceptable to us or at all, the rights necessary to expand our network or existing infrastructure.

We also may face challenges in managing and operating our network and existing infrastructure. These challenges include ensuring the availability of customer equipment that is compatible with our network and managing sales, advertising, customer support, and billing and collection functions of our business while providing reliable network service that meets our customers' expectations. Our failure in any of these areas could adversely affect customer satisfaction, increase churn, increase our costs, decrease our revenue and otherwise have a material adverse effect on our business, prospects, financial condition and results of operations.

Foreign Exchange

While the majority of the Company's revenues are earned in Canadian dollars, a portion of its costs, including for certain capital expenditures and SG&A are paid in U.S. dollars. As a result, the Company is exposed to currency exchange rate risks. A change in the currency exchange rate may increase or decrease the amount of Canadian dollars required to be paid by the Company for its U.S. expenditures. The Credit Agreement with CrowdOut is also denominated and serviced in U.S. dollars. The Company does not currently have any foreign exchange contracts to manage the foreign exchange risk. As a result, there can be no assurance that currency fluctuations will not have a material adverse effect on the Company.

Physical Inventory

The nature of our business requires the Company to procure, deploy, track, and maintain large volumes of specialized network equipment purchased in Canada and abroad. Equipment is frequently moved between provinces in Canada as part of provisioning. As a result, the Company is subject to inventory risk due to delays in inventory movement as well as process breakdowns in provisioning and deploying inventory to a customer site, network site, or datacentre facility. These delays may result in unintended backlog and inventory losses. The Company relies heavily on the ability of our vendors to supply us in a timely manner as well as the diligence of the Company's internal process owners to ensure provisioning and inventory management is effective.

Interest Rates

As the Company currently borrows funds through its credit facility whereby the Company is exposed to fluctuating Adjusted SOFR (Secured Overnight Financing Rate) interest rates. A significant rise in interest rates may materially increase the cost of either its revolving or non-revolving credit facilities. The Company does not currently have any interest rate swap contracts to manage the interest rate risk. As a result, there can be no assurance that interest rate fluctuations will not have a material adverse effect on the Company.

Interruption or Failure of Information Technology and Communications Systems

We have experienced service interruptions in some markets in the past and may experience service interruptions or system failures in the future. Our services depend on the continuing operation of our information technology and communications systems. Any service interruption adversely affects our ability to operate our business and could result in an immediate loss of revenue. If we experience frequent or persistent system, power or network failures, our reputation and brand could be permanently harmed. We may make significant capital expenditures to increase the reliability and security of our systems, but these capital expenditures may not achieve the results we expect.

Our systems are vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems, and similar events. Some of our systems are not fully redundant and our disaster recovery planning may not be adequate. The occurrence of a natural disaster or unanticipated problems at our network centres or data centres could result in lengthy interruptions in our service and adversely affect our operating results. The Company could also be required to make significant expenditures if the Company's systems were damaged or destroyed or pay damages if the delivery of the Company's services to its customers were delayed or stopped by any of these occurrences.

Retention and Motivation of Personnel

We depend on the services of key technical, sales, marketing, and management personnel. The loss of any of these key persons could have a material adverse effect on our business, results of operations and financial condition. Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing, and management personnel.

Competition for such personnel can be intense and we cannot provide assurance that we will be able to attract or retain highly qualified technical, sales, marketing, and management personnel in the future. Our inability to attract and retain the necessary technical, sales, marketing and management personnel may adversely affect our future growth and profitability. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased.

If we cannot hire, train, and retain motivated and well-qualified individuals, we may face difficulties in attracting, recruiting and retaining various sales and support personnel in the markets we serve, which may lead to difficulties in growing our subscriber base.

Electrical Power and Outages

The Company's infrastructure is susceptible to electrical power outages, planned or unplanned power outages and limitations on availability of adequate power resources. Power outages can harm, and in the past, have harmed the Company's customers and its business, including extended service interruptions. While the Company attempts to limit exposure to system downtime, the Company cannot limit the Company's exposure entirely.

Litigation Risk and Intellectual Property Claims

Competitors or other persons may independently develop, patent technologies or copyright software that are substantially equivalent or superior to those we currently use or plan to use or that are necessary to permit us to deploy and operate our network, data centres or provide cloud services. Some of these patents, copyrights or rights may grant very broad protection to the owners. We cannot determine with certainty whether any existing third-party intellectual property or the issuance of any third-party intellectual property would require us to alter technology or software we use, obtain licences or cease certain activities. Defending against infringement claims, even meritless ones, would be time consuming, distracting and costly.

If we are found to be infringing the proprietary rights of a third party, we could be enjoined from using such third party's rights, may be required to pay substantial royalties and damages, and may no longer be able to use the intellectual property subject to such rights on acceptable terms or at all. Failure to obtain licences to intellectual property held by third parties on reasonable terms, or at all, could delay or prevent us from providing services to customers and could cause us to expend significant resources to acquire technology which includes non-infringing intellectual property.

If we have to negotiate with third parties to establish licence arrangements, or to renew existing licences, it may not be successful, and we may not be able to obtain or renew a licence on satisfactory terms or at all. If required licences cannot be obtained, or if existing licences are not renewed, litigation could result.

Operating Losses

We have incurred a net loss in the past several fiscal years. We cannot anticipate with certainty what our earnings, if any, will be in any future period. However, we could incur further net losses as we continue to expand our network into new and existing markets and pursue our business strategy in 5G. Accordingly, our results of operations may fluctuate significantly, which may adversely affect the value of an investment in our Common Shares. We may also invest significantly in our business before we expect cash flow from operations to be adequate to cover our anticipated expenses. Our inability to ultimately generate sufficient revenues to become profitable and have positive cash flow could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Liquidity and Going Concern

We have incurred significant losses to date and have relied entirely on our current term debt facility through CrowdOut Capital LLC which was fully drawn as at December 31, 2024. The Company's current cash resources are not sufficient to repay the term debt facility on maturity as well as to fund its planned business operations. The Company's business plan is dependent upon securing additional financing through debt or issuance of equity to repay the term debt facility, finance its operations within and beyond the next twelve months. The Company's ability to continue its operations is dependent on its ability to raise additional financial capital if it is to remain as a going concern. The Company has been successful in securing financing in the past and the Company is currently exploring financing alternatives; however, there is no assurance that these initiatives will be successful. This condition indicates the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

Economic and Geopolitical Risk

The market for our services depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond our control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy, pandemics, or geopolitical uncertainties may cause customers to delay or cancel projects, reduce their overall capital or operating budgets, or reduce or cancel orders for our services, which could have a material adverse effect on our business, results of operations and financial condition.

Regulation of Internet

Regulation of the Internet and the content transmitted through that medium is a topic that receives considerable political discussion from time to time, from both a "pro-regulation" and an "anti-regulation" perspective, including discussions on whether all internet traffic should be delivered equally. It is unclear as to what impact decisions made on either side of this issue by various political and governing bodies could have on us and our business or on the ability of our customers to utilize our internet services.

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 March 2025, ISED published a Consultation on the repurposing of the lower portion of the 26 GHz band (24.25-26.5 GHz) to flexible use. In addition, this Consultation is an addendum to the consultation entitled SPB-001-22, Consultation on a Policy and Licensing Framework for Spectrum in the 26, 28 and 38 GHz Bands (the 2022 Consultation) to change the proposed spectrum available for future mmWave auction and non-competitive local (NCL) licensing processes. Previously, the 24.25-26.5 GHz range was referred to as the 24 GHz band. However, to conform to international norms, this range will now be called the lower 26 GHz band. This name was also selected to distinguish it from the upper 26 GHz band (26.5-27.5 GHz) which is also part of this consultation. ISED is proposing to combine these two bands as the 26 GHz band with a range from 24.25 GHz – 27.5GHz. The 26 GHz, 28 GHz and 38 GHz bands are collectively referred to as the mmWave bands. All responses to ISED are due by May 5, 2025.

In May 2024, ISED published Decision on the Licensing Process for Existing Licensees in the 24 and 38 GHz Bands and Considerations Related to the mmWave Auction. As a result of this decision, TERAGO will retain all existing licences and those licences will be renewed annually until a new licensing process is established. In addition to the licence renewals, ISED indicated that it plans to consult on the potential for repurposing the 24 GHz band prior to deciding on the timing and structure of the proposed mmWave auction.

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 licences.

In November 2023, ISED published a Consultation on the Licence 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.

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 meant that ISED plans to release and/or initiate a consultation.

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 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 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 licence for spectrum in the 26, 28 and 38 GHz Bands.

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" licences for an equal amount of spectrum upon expiry of the current 10-year licence 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 licences in Canada.

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, an unlimited number of Class A Non-Voting Shares, an unlimited number of Class A Preferred Shares and an unlimited number of Class B Preferred 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, 2024, there were 20,002,527 Common Shares issued and outstanding. There is no Class A Non-Voting Shares, Class A Preferred Shares and Class B Preferred Shares issued and outstanding. In addition, there are 205,596 Common Shares issuable upon exercise of warrants which were issued to the Lender pursuant to the CrowdOut Credit Agreement in 2022 (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.

Class A Preferred Shares

Voting and Conversion Right. Subject to the Articles of TERAGO, Class A Preferred Shares shall be issuable in series, which means that the Board of Directors may create and determine the specific rights, privileges, restrictions and conditions to attach to the shares of each series, including voting rights and conversion rights (if any).

Dividends. Subject to the Articles of TERAGO, the Class A Preferred Shares shall be entitled to preference over the Common Shares, the Class A Non-Voting Shares and any other shares of TERAGO ranking junior to the Class A Preferred Shares with respect to the payment of dividends, if any. The Class A Preferred Shares of each series shall rank on a parity with the Class A Preferred Shares of every other series with respect to priority and payment of dividends

Rights Upon Liquidation. Subject to the Articles of TERAGO, the holders of the Class A Preferred Shares are entitled to in the distribution of assets in the event of liquidation, dissolution or winding-up of TERAGO, whether voluntary or involuntary, or any other distribution of the assets of TERAGO among its shareholders for the purpose of winding- up its affairs, and may also be given such other preferences over the Common Shares, the Class A Non-Voting Shares and any other shares of TERAGO ranking junior to the Class A Preferred Shares as may be fixed by the resolution of the Board of Directors of TERAGO as to the respective series authorized to be issued.

Class B Preferred Shares

Voting and Conversion Right. Subject to the Articles of TERAGO, Class B Preferred Shares shall be issuable in series, which means that the Board of Directors may create and determine the specific rights, privileges, restrictions and conditions to attach to the shares of each series, including voting rights and conversion rights (if any).

Dividends. Subject to the Articles of TERAGO, the Class B Preferred Shares shall be entitled to preference over the Common Shares, the Class A Non-Voting Shares and any other shares of TERAGO ranking junior to the Class B Preferred Shares with respect to the payment of dividends, if any. The Class B Preferred Shares of each series shall rank on a parity with the Class B Preferred Shares of every other series with respect to priority and payment of dividends

Rights Upon Liquidation. Subject to the Articles of TERAGO, the holders of the Class B Preferred Shares are entitled to in the distribution of assets in the event of liquidation, dissolution or winding-up of TERAGO, whether voluntary or involuntary, or any other distribution of the assets of TERAGO among its shareholders for the purpose of winding- up its affairs, and may also be given such other preferences over the Common Shares, the Class A Non-Voting Shares and any other shares of TERAGO ranking junior to the Class B Preferred Shares as may be fixed by the resolution of the Board of Directors of TERAGO as to the respective series authorized to be issued.

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 2024 are set forth in the table below.

Month of 2024	**High ($)**	**Low ($)**	**Volume (#)**
January	$1.78	$1.37	155,787
February	$1.58	$1.15	232,267
March	$1.69	$1.24	258,596
April	$2.29	$1.50	438,007
May	$2.83	$1.59	322,130
June	$2.59	$1.68	278,078
July	$2.15	$1.75	240,647
August	$2.46	$1.85	289,495
September	$2.37	$2.02	366,305
October	$2.29	$1.77	139,793
November	$1.95	$1.26	264,266
December	$1.40	$1.18	266,415

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following table sets forth the name, location of residence and office held by each of our directors and executive officers as of the date of this AIF. Each director is elected at the annual meeting of shareholders or appointed pursuant to the provisions of our by-laws and applicable law to serve until the next annual meeting or until a successor is elected or appointed, subject to earlier resignation by the director. We do not have an executive committee.

Name and Place of Residence		**Office Held**
KENNETH CAMPBELL(1) *London, England*		Chairman and Director
PIETRO CORDOVA(2)(3)(4) *Rome, Italy*		Director
MARTIN PINNES(1)(2)(5) *Ontario, Canada*		Director
TINA PIDGEON(2)(3)(6) *New Jersey, USA*		Director
JAMES A. WATSON(3) *Ontario, Canada*		Director
FREDERICK W. HRENCHUK(1) *Alberta, Canada*		Director
DANIEL VUCINIC *Ontario, Canada*		Director and Chief Executive Officer
RAJNEESH SAPRA *Ontario, Canada*		Chief Financial Officer

Notes:

(1) Member of the Compensation Committee
(2) Member of the Audit Committee
(3) Member of the Corporate Governance Committee
(4) Chair of the Audit Committee
(5) Chair of the Compensation Committee
(6) Chair of the Corporate Governance Committee
(7) Appointed Chief Financial Officer on April 1, 2024

Information about each of our directors and executive officers, including his or her respective principal occupation during at least the five years preceding December 31, 2024, are as follows:

Kenneth Campbell, Director and Chairman of the Board of Directors

Mr. Campbell has been a member of our Board of Directors since 2020. Mr. Campbell is the Chief Executive Officer of PLAY, a part of ILIAD group, the fifth largest telecom group in Europe. From 2019 to 2024 Mr. Campbell was a Partner with Paris-based Performance Management Partners (PMP Strategy). Since 2020, he is also a Non-Executive board member of South African operator, Octotel. With more than

25 years of hands-on executive experience with several major mobile operators, Mr. Campbell has served in a range of senior leadership roles with telecom operators in North America, Europe, and North Africa. He was the Directeur General for INWI in Morocco and co-founded Mobile Klinik, Canada's leading smartphone and tablet repair network. Prior to this, Mr. Campbell served as CEO of Ooredoo in Tunisia, CEO of Wind Mobile in Canada, CEO of Bite in Lithuania, and Latvia, and held commercial and marketing positions for Vodafone, Ooredoo, and Orascom. Mr. Campbell holds an MBA from the London Business School and a Bachelor of Arts (Honours Economics) from Carleton University in Ottawa, Canada.

Pietro Cordova, Director

Mr. Cordova has been a member of our Board of Directors since 2022. Mr. Cordova is currently 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, a position he has held since 2018. 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, Director

Mr. Pinnes has been a member of our Board of Directors since 2021. Mr. Pinnes is the Chief Operating Officer of Shared Tower, an Oakville-based developer of communication infrastructure assets. From 2019 to 2021, 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. From 2018 to 2019, Mr. Pinnes served as Vice President 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, Director

Ms. Pidgeon has been a member of our Board of Directors since 2023 and is the Principal of Tina Pidgeon Strategies. Ms. Pidgeon a 30-year veteran of the telecom and tech industry and recognized leader in telecommunications policy development and broadband infrastructure deployment, 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. 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.

James A. Watson, Director

Mr. Watson has been a member of our Board of Directors since 2023. Mr. Watson served as the 56^{th} mayor of the city of Ottawa, Ontario from 2010 to 2022. Prior to this, Mr. Watson served as Member of Provincial Parliament for the Ottawa West-Nepean riding and was appointed as Minister of Consumer and Business Services in 2003. In addition, he became Ontario's first Minister of Health Promotion in 2005 and Minister of Municipal Affairs in 2007. From 2000-2003, Mr. Watson served as President and CEO of the Canadian Tourism Commission, a Federal Crown Corporation designed to market Canada domestically and internationally as a tourism destination. Previously, Mr. Watson also served as an Ottawa city councilor from 1991 to 1997, and as mayor from 1997 to 2000. Mr. Watson has served on the board or as honorary chair of several community organizations including the Riverside Hospital, the National Arts Centre, the Central Canada Exhibition Association, the Christmas Exchange of Ottawa, and the Forum for Young Canadians. He also served as chair of the United Way's 2002 campaign. Mr. Watson is the recipient of several honours and awards for his previous and continued service to the community, including the Queen’s Diamond Jubilee Medal. Mr. Watson graduated from Carleton University with a degree in Mass Communications.

Frederick W. Hrenchuk, Director

Mr. Hrenchuk has been a member of our Board of Directors since 2023. Mr. Hrenchuk is the founder and currently the Principal of Citada Capital, which serves as an angel investor for small start-up companies and provides advisory services primarily in telecommunications since 2016. From 2008 to 2016, Mr. Hrenchuk was the CEO for Bite Group (Baltics) where he led the successful exit process on the back of double-digit EBITDA growth. Prior to that Mr. Hrenchuk was CTO of Vodafone Czech Republic for 8 years. Mr. Hrenchuk holds a degree in Economics from York University

Daniel Vucinic, Director and Chief Executive Officer

Mr. Vucinic has been a member of our Board of Directors since 2023 and is the Chief Executive Officer of the Company. With three decades of experience across senior management roles throughout the technology sector, Mr. Vucinic brings a wealth of leadership and operational excellence experience. From 2021 to 2023, Mr. Vucinic served as Chief Operating Officer of Centrilogic Inc., a global provider of IT transformation solutions, where he led all operations functions to support customers’ end-to-end cloud and digital transformation journeys and drove significant enterprise value creation. Mr. Vucinic previously spent 17 years in several executive roles at Zayo and Allstream, two global communications companies, where he also played a pivotal role in driving significant enterprise value creation through revenue growth and optimization. Prior to his tenure at Allstream, he held senior leadership positions at AT&T Canada and Unitel. Mr. Vucinic is a Professional Engineer and holds a Bachelor of Applied Science, Engineering from the University of Toronto.

Rajneesh Sapra, Chief Financial Officer

Mr. Sapra is Chief Financial Officer of the Company since April 1, 2024, responsible for financial disclosure, securities matters, taxation and financial operations. From 2018 to 2022, until its acquisition by a subsidiary of Constellation Software Inc., Mr. Sapra was the Chief Financial Officer and Senior Vice President, Finance of NexJ Systems Inc., a TSX-listed enterprise software company focused on the financial services industry. From 2011 to 2018, Mr. Sapra was Vice President, Finance at NexJ Systems Inc. Prior to that, Mr. Sapra served as Senior Manager at KPMG LLP in their technology audit practice in Toronto. Mr. Sapra has extensive experience working with technology companies, both public and private. From December 2015 to January 2019, he served as a Board Member for CPA Ontario's Public Accounting Licensing Board.

Shares Held by Directors and Officers

To the knowledge of the Company, as of December 31, 2024, TERAGO's directors and executive officers (as a group) owned, or exerted direction or control over, a total of 359,307 Common Shares, representing 1.80% 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, 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.

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 ("NI 52-110").

For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. For the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see their biographies above.

LEGAL PROCEEDINGS

The Company may, from time to time, be involved in certain legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of business, including assertions that the Company may be infringing patents or other intellectual property rights of others. The ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) may materially affect the Company's financial position or results of operations. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on the Company's business because of defense costs, negative publicity, diversion of management resources and other factors. The Company's failure to obtain any necessary license or other rights on commercially reasonable terms, or otherwise, or litigation arising out of intellectual property claims could materially adversely affect its business. For more information concerning these risks, see "Risk Factors."

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company is not currently a party to any material litigation or regulatory proceeding and management is not aware of any pending or threatened litigation or regulatory proceedings against the Company as at the date of this AIF that could have a material adverse effect on the Company's business, operating results or financial condition.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, and no associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Cymbria Corporation holds in excess of ten (10%) percent of the Common Shares in TERAGO, and as provided and described further in the "Material Contracts" section below, is also a party to the Term Debt Facility (as defined below) as a member of the syndicate of lenders under the Term Debt Facility.

TRANSFER AGENT AND REGISTRAR

The register of transfers of our Common Shares is located at the offices of our stock transfer agent: Odyssey Trust Company Inc., Trader's Bank Building, Suite 702, 67 Yonge Street, Toronto, ON M5E 1J8.

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:

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. At the end of the term, 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. The Credit Agreement also included a 1% annual rate standby fee for any amounts undrawn on the facility. The standby fee and interest amounts are payable monthly. The Company incurred financing fees in the amount of $395 to facilitate the execution of the Credit Agreement. At December 31, 2024, the balance due to the Lender for the exit fee is CAD $806, which is based upon the amount drawn down at year end (2023 - CAD $672).

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 $4.43 (based upon a 20% premium to the 30-day VWAP at the time of closing). Since the inception of the Credit Agreement through to May 29, 2024, the Company had drawn in aggregate $18,792 (U.S. $14,000), resulting in the vesting of 151,496 of the issued warrants to CrowdOut.

On May 29, 2024, the Company and CrowdOut entered into a First Amendment to Credit Agreement (the "Amending Agreement") which amended certain terms of the previously executed Credit Agreement dated September 29, 2022. The Amending Agreement served to add Cymbria Corporation ("Cymbria") to the syndicate of lenders under the Credit Agreement and amended certain conditions and covenants of the Credit Agreement. The Company incurred financing fees in the amount of $274 to facilitate the execution of the Amending Agreement. The Amending Agreement gave effect to the following:

- the committed debt facility decreased from a U.S. $20,000 facility to a U.S. $19,000 facility under the Amending Agreement. The remaining U.S. $5,000 facility was to be funded by Cymbria through the Credit Agreement with CrowdOut in two tranches, with the first tranche in the amount of U.S. $2,000 available as of the effective date of the Amending Agreement and the second tranche in the amount of U.S. $3,000 available at any time after July 1, 2024;

- the Amending Agreement removed the 1% annual rate standby fee on amounts undrawn on the facility and removed any further accrual of exit fee to CrowdOut;

- the interest rates applicable under the Amending Agreement remains the same as in the Credit Agreement except the Adjusted Term SOFR floor increased from 1.5% to 5%;

- the last twelve months ("LTM") installed monthly recurring revenue ratio was updated to reflect that repayments of lease liabilities are included in the definition of installed monthly recurring revenues under this financial covenant, with the maximum ratio for this financial covenant updated to reflect these changes; and

- the minimum fixed charge ratio was updated to reflect that repayments of lease liabilities are now included in the definition of fixed charges under this financial covenant.

The Company issued 54,100 warrants to Cymbria, on similar terms to the common share purchase warrants previously issued to CrowdOut under the terms of the Credit Agreement. Each warrant entitles Cymbria to subscribe for and purchase, one fully paid common share in the capital of the Company at a price per common share of $4.43. The warrants vest pro-rata as the U.S. $5,000 funded by Cymbria is drawn down. As a result of the Amending Agreement, the equivalent amount of previously issued common share purchase warrants to CrowdOut shall remain unvested.

On May 30, 2024, the Company received its first draw down under the Amending Agreement in the amount of $2,736 (U.S. $2,000), resulting in the vesting of 21,640 of the issued warrants to Cymbria. On August 27, 2024, the Company received the second tranche in the amount of $4,038 (U.S. $3,000), resulting in the vesting of the remaining 32,460 of the issued warrants to Cymbria.

In accordance with the Amending Agreement, the Company is subject to the following financial covenants: (i) total debt (including payables more than 120 days past due) not to exceed 160% of the Company's LTM installed monthly recurring revenue from May 31, 2024 to May 31, 2025 and 155% of the Company's LTM installed monthly recurring revenue from June 30, 2025 and thereafter; (ii) the Company's cash and cash equivalents and short-term investments (excluding payables more than 60 days past due) to be above $1,500 at every month end; and (iii) if the Company's cash and cash equivalents balance and short-term investments is below $2,500, the Fixed-Charge Coverage Ratio must be 1/1x or greater.

INTEREST OF EXPERTS

Auditor's Fees

The Company's auditors are KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants and has served as the Company's auditor for over five years. KPMG LLP is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The following table sets forth the various services provided by KPMG LLP to the Company during the Company's last two fiscal years, together with the fees billed or accrued during each year for such services:

(In thousands of dollars)	**Year Ended December 31, 2024**	**Year Ended December 31, 2023**
Audit Fees[(1)] …………………………………………………………..	$356	$352
Audit-Related Fees ……………..	$0	$0
Tax Fees[(2)] ………………………...	$73	$40
Total………………………………………………………………..	**$429**	**$392**

[(1)] Audit fees charged by KPMG LLP were for professional services rendered for the audits of the annual financial statements of the Company. Annual audit fees are reported in the above table on an accrual basis regardless of when billed.

[(2)] Tax fees relate to fees associated with tax compliance.

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

ADDITIONAL INFORMATION

Additional information relating to TERAGO may be found on SEDAR at www.sedarplus.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, where applicable will be contained in TERAGO's Management Information Circular for our upcoming annual meeting of shareholders. Additional financial information is provided in TERAGO's MD&A and the financial statements, the notes thereto and the report of the external auditors thereon for the year ended December 31, 2024.

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.

“SD-WAN” or **“Software-Defined Wide Area Network”** refers to a virtualized WAN architecture that uses software to centrally manage and optimize network traffic over various connection types, including Fibre, LTE, and broadband internet, for improved performance and reliability.

“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. <u>MEMBERSHIP</u>

- 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. <u>MEETINGS</u>

- 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.