Pacific Therapeutics Ltd.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON May 20, 2016

Dated: April 21, 2016

*Neither the Canadian Securities Exchange (the "**Exchange**") nor any other exchange or quotation system or provider, or any securities regulatory authority or commission has in any way passed upon the merits of the contents of this information circular.*

PACIFIC THERAPEUTICS LTD.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of shareholders of Pacific Therapeutics Ltd. (the "**Company**") will be held at 3rd Floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9, on May 20, 2016, at the hour of 2 p.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Company for the fiscal year ended December 31, 2015, and the report of the auditors thereon;
2. to consider, and, if deemed appropriate, to set the number of directors for the ensuing year at three;
3. to elect the directors of the Company for the ensuing year;
4. to appoint auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors;
5. to consider, and if thought fit, to pass an ordinary resolution to approve the Corporation's 2016 Stock Option Plan
6. pursuant to an order (the "**Interim Order**") dated April 19, 2016, of the Supreme Court of British Columbia to consider and, if thought fit, pass a resolution (the "**Arrangement Resolution**") to approve an arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Cabbay Holdings Corp. (a wholly-owned subsidiary of the Company) ("**SpinCo**"), the full text of which is set out in Schedule A to, and all as more particularly described in, the Circular; and
7. to consider other matters and to transact such other business, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any postponement or adjournment thereof.

The texts of the Arrangement Resolution and the agreement in respect of the Arrangement are set forth in Schedule A and Schedule B, respectively, to the Circular.

To be approved by Shareholders, the Arrangement Resolution must each be approved by not less than two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting. This notice of Meeting is accompanied by: (a) the Circular; and (b) either a form of proxy for registered Shareholders or a voting instruction form for beneficial Shareholders. **The Circular accompanying this notice of Meeting is incorporated into and shall be deemed to form part of this notice of Meeting.**

The record date for the determination of shareholders of the Company's (Class A) common shares (such shares being "**common shares**" and such shareholders being "**Shareholders**")) entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is March 22, 2016 (the "**Record Date**"). Only holders of record of common shares of the Company at the close of business on the Record Date will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment thereof.

Your vote is important regardless of the number of common shares of the Company you own.

A Shareholder may attend the Meeting or any adjournments or postponements thereof in person or may be represented by proxy. **Shareholders who are unable to attend the Meeting or any**

adjournments or postponements thereof in person are asked to complete, sign, date and return the enclosed form of proxy **relating to the common shares of the Company held by them in the envelope provided for use at the Meeting or any adjournments or postponements thereof.** To be effective, the proxy must be duly completed and signed and then mailed or delivered to or deposited with the Company's registrar and transfer agent, Computershare Trust Company of Canada located at 510 Burrard Street, 2nd floor, Vancouver, B.C. V6C 3B9 before 2 p.m. (Vancouver time) on May 18, 2016, or if the Meeting is adjourned or postponed, before 2 p.m. (Vancouver time) on the day that is at least two business days preceding the date of the reconvening of any adjourned or postponed meeting at which the proxy is to be used.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication.
The above time limit for deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

Pursuant to the Interim Order, holders of common shares of the Company have been granted the right to dissent against the Arrangement Resolution and to be paid the fair value of their common shares of the Company in respect of the Arrangement Resolution in accordance with the terms of the Interim Order and section 238 of the *Business Corporations Act* (British Columbia). This right is described in the Circular under the heading "*Rights of Dissent*". Registered shareholders have the right to dissent with respect to the Arrangement Resolution and if the Arrangement Resolution becomes effective, to be paid the fair value of their common shares in accordance with the provisions of sections 237 to 247 of the *Business Corporations Act* (British Columbia), as amended, (the "BCBCA") as modified by the Interim Order, Final Order and the Plan of Arrangement. These dissent rights are described in the accompanying Circular and a copy of the dissent rights are attached as Schedule E to the Circular. Failure to strictly comply with the requirements set forth in sections 237 to 247 of the BCBCA, as may be modified by the Interim Order, Final Order and the Plan of Arrangement, may result in the loss or unavailability of the right of dissent. A dissenting shareholder must send a written objection to the Arrangement Resolution, which written objection must be received by the Company c/o Suite 605-815 Hornby St., Vancouver, BC, V6Z 2E6 Attention: Robert Horsley on or prior to 2 p.m. (Vancouver time) on May 18, 2016.

Persons who are beneficial owners of common shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered shareholders are entitled to dissent. Accordingly, a beneficial owner of common shares seeking to exercise the right to dissent must make arrangements for the common shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by or, alternatively, make arrangements for the registered holder of such common shares to dissent on behalf of the holder. The right to dissent is not available to holders of options or warrants of the Company.

DATED at Vancouver, British Columbia, this 21st day of April 2016.

Pacific Therapeutics Ltd.

By Order of the Board

/s/"Robert Horsley"

Robert Horsley,
CEO & Director

INFORMATION CIRCULAR

as at April 21, 2016

TABLE OF CONTENTS

Contents

SCHEDULES:

SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, the Arrangement Agreement and Plan of Arrangement, and the Amended And Restated Arrangement Agreement attached as Schedule B to this Circular, the pro forma financial statements attached as Schedule F to this Circular and the audited financial statements of SpinCo *(a wholly-owned subsidiary of the Company) attached as Schedule G to this Circular. Capitalized terms used in this summary and elsewhere in this Circular and not otherwise defined are defined in the "Glossary of Terms" which follows this summary.*

References in this Circular to a fiscal or financial year are to the year ended December 31, 2015. References in this Circular are to Canadian dollars unless otherwise indicated.

The Meeting

The Meeting will be held at 3rd Floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9, on May 20, 2016, commencing at the hour of 2 p.m. (Vancouver time).

At the Meeting, Shareholders will be asked to set the number of directors (see "*Annual Meeting Business – Number of Directors*"), elect directors (see "*Annual Meeting Business - Election of Directors*"), and appoint its auditor and to authorize the directors to fix the remuneration of the auditors (see "*Annual Meeting Business - Appointment of Auditor*"). Shareholders will also be asked to consider, and if deemed advisable, approve the Arrangement Resolution authorizing the Arrangement, and to consider such other matters as may properly come before the Meeting.

The Arrangement

The purpose of the Arrangement is to restructure the Company and separate its two distinct businesses by transferring or "spinning-out" the Company's Asset Purchase Agreement relating to its biotechnology assets for the development of therapies for fibrosis (PTL-202) and erectile dysfunction (ED) (PTL-2015) business and $1,000 into Spinco, a new British Columbia corporation incorporated by the Company to facilitate the Arrangement, which will become a reporting issuer in the Province of British Columbia on the effective date of the Arrangement. By transferring the Asset Purchase Agreement into a new company, the Company will be able to focus on its joint-venture to develop an early stage immune boosting herbal supplement with 0829489 B.C. Ltd. (doing business as "**Truevita**"), and consider and/or pursue other projects or business objectives whether in the biotechnology industry or otherwise, as they may arise from time to time. The Company believes this will be beneficial to both the Company and the shareholders of the Company for a variety of reasons including the belief that the proposed Arrangement will: (i) allow the respective management teams and boards to concentrate their time and efforts on their respective and distinct businesses; (ii) allow the capital markets, investors and shareholders to evaluate the respective businesses within their respective peer groups; (iii) better attract financing and investment; (iv) allow management to utilize available funds in a more efficient and strategic manner without having to advance two very distinct business segments; and (v) attract key management and directors with specialized expertise in the respective businesses.

By resolution dated April 18, 2016, the Board of Directors approved the Arrangement, an any amendments thereto, and authorized the making of an application to the Court for the calling of the Meeting. Provided all conditions to implement the Arrangement are satisfied, the appropriate votes of Shareholders' authorizing the implementation of the Arrangement are obtained and the Final Court Order is obtained, the following steps will occur as an arrangement as contemplated in section 288 of the BCBCA, one immediately after the other – the following is qualified in its entirety by the Amended And Restated Arrangement Agreement attached as Schedule "B":

(a) The Company will alter its share capital by creating an unlimited number of New Common Shares and Class 1 Reorganization Shares, and will attach certain rights and restrictions to the New Common Shares and Class 1 Reorganization Shares.

(b) Each issued and outstanding Common Share (other than Common Shares held by Dissenting Shareholders) will be exchanged by Shareholders for one New Common Share and one Class 1 Reorganization Share, with persons who were holders of Common Shares at the Share Distribution Date receiving receiving such number of New Common Shares that is equal to the Common Shares they hold at the effective date of the Arrangement and such number of Class 1 Reorganization Shares that equals the number of Common Shares such holders held on the Share Distribution Date, and all of the issued Common Shares will be cancelled.

(c) All of the Class 1 Reorganization Shares held by those who were holders of Common Shares on the Share Distribution Date will be transferred by to Spinco in exchange for SpinCo Common Shares in accordance with the Reorganization Ratio, which will be calculated on the basis of 1,379,887 Common Shares to be issued divided by the number of Class 1 Reorganization Shares issued. SpinCo will not issue any fractional SpinCo Common Shares, and any fractional SpinCo Common Shares resulting from the exchange will be cancelled.

(d) The Company will redeem all of the Class 1 Reorganization Shares from SpinCo and will satisfy the redemption amount of such shares by the transfer to SpinCo of the Asset Purchase Agreement and $1,000 of working capital.

All other holders of Class 1 Reorganization Shares who were not holders of Common Shares as of the Share Distribution Record Date shall be deemed to have surrendered such shares back to PT for cancellation, and such shares shall be cancelled. As a result of the foregoing, on the Effective Date two companies will exist, the Company and SpinCo. The Company will continue to hold its existing biotechnology business related to the development of immune boosting herbal supplements and its remaining working capital. SpinCo will hold the Asset Purchase Agreement and $1,000 of working capital and Shareholders (other than Dissenting Shareholders) will own New Common Shares and all of the issued and outstanding SpinCo Common Shares.

Approval by and Recommendation of the Board of Directors

By resolution dated April 18, 2016, the Board of Directors unanimously approved the Arrangement subject to certain conditions, and authorized submission of the Arrangement to the Shareholders for consideration and approval and to the Court for approval.

The decision of the Board of Directors to approve the Arrangement for submission to the Shareholders and to the Court was reached after consideration of a number of factors, including the following:

1. Under the terms of the Arrangement, all participating Shareholders will be treated equally.

2. The Arrangement will benefit Shareholders generally through providing them with ownership positions in:

   (i) SpinCo, a new company that is intended to be a reporting issuer in the Province of British Columbia, which will hold the Asset Purchase Agreement and $1,000 in cash to be used for working capital purposes; and

   (ii) A continuing interest in the Company, which is retaining its biotechnology business focused on the development and commercialization of early stage immune boosting herbal supplements and its remaining working capital.

3. The belief that the proposed Arrangement will: (i) allow the respective management teams and boards to concentrate their time and efforts on their respective and distinct businesses; (ii) allow the capital markets, investors and shareholders to evaluate the respective businesses within their respective peer groups; (iii) better attract financing and investment; (iv) allow management to utilize available funds in a more efficient and strategic manner without having to advance two very distinct business segments; and (v) attract key management and directors with specialized expertise in their respective businesses.

4. The Arrangement must be approved by two-thirds of the votes cast at the Meeting by Shareholders and by the Court which, the Company is advised, will consider, among other things, the fairness of the Arrangement to the Shareholders (see "*The Arrangement – Plan of Arrangement and Conditions to the Arrangement Becoming Effective*").

5. The availability of rights of dissent to registered Shareholders with respect to the Arrangement.

See "*The Arrangement – Recommendations of Board of Directors*" for other factors considered by the Board of Directors in reaching its decision.

The Board of Directors has unanimously concluded that the Arrangement is in the best interests of the Company and fair to all Shareholders and recommends that all Shareholders vote in favour of the Arrangement Resolution, thereby approving the implementation of the Arrangement. Implementation of the Arrangement is subject to fulfillment of certain conditions. See "*The Arrangement – Plan of Arrangement and Conditions to the Arrangement Becoming Effective*".

Required Approvals

Shareholder Approval

In order for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders present or voting by proxy at the Meeting.

Court Approval

The Arrangement requires Court approval under the BCBCA. Prior to the mailing of this Circular, the Interim Order was obtained from the Court providing for the calling and holding of the Meeting and certain other procedural matters. Following approval of the Arrangement by the Shareholders at the Meeting, the Company will apply to the Court for the Final Order. The Notice of Hearing for the Final Order is as Schedule D to this Circular. It is anticipated that the Company will make application to the Court for the Final Order at 9:45 a.m. (Vancouver time) on or about May 30, 2016, or as soon thereafter as counsel may be heard. Shareholders and interested parties have the right to appear at such hearing and present evidence. See "*The Arrangement – Court Approval of Arrangement*."

Exchange Approval

The Exchange may require approval or notification of the Arrangement and the listing of the New Common Shares. In this regard, the Company intends to apply to the Exchange, or notify the Exchange, regarding the listing of the New Common Shares in place of the existing Common Shares upon implementation of the Arrangement, subject to the fulfillment of the usual requirements of the Exchange. The approval or consent of the Exchange for the listing of the New Common Shares or the conditional approval of the Exchange with respect to such listing is a condition of the Arrangement proceeding. **As of the date hereof, the Exchange has not provided its approval or consent of the Arrangement or the listing of the New Common Shares**.

Dissenting Shareholders' Rights on Arrangement

A Shareholder has the right to dissent in respect of the Arrangement and to be paid the fair value for its Common Shares by the Company, however dissent rights procedures must be strictly followed. See the description under "Rights of Dissent", and the relevant sections of the BCBCA which have been reproduced in Schedule E to this Circular.

Brief Summary of Canadian Federal Income Tax Considerations regarding the Arrangement for Shareholders

The following is a brief, general summary of the principal Canadian federal income tax considerations under the ITA generally applicable to Shareholders who, for the purposes of the ITA and at all relevant times, are resident in Canada, and who: (a) are not exempt from Canadian federal income tax; (b) hold their Common Shares as capital property; (c) are not affiliated with the Company or SpinCo; (d) deal at arm's length with the Company and SpinCo; and (e) immediately after the completion of the Arrangement will not, either alone or together with persons with whom they do not deal at arm's length, and persons with whom they do not deal at arm's length will not control SpinCo or beneficially own shares of SpinCo which have a fair market value in excess of 50% of the fair market value of all of the outstanding shares of SpinCo. This disclosure is not intended to be, and it should not be construed to be, advice to any particular person. Holders should consult with their own tax advisors with respect to their particular circumstances.

Generally, as a result of the Arrangement a holder of Common Shares:

(a) will not realize a capital gain or capital loss as a result of the exchange of Common Shares for New Common Shares and Class 1 Reorganization Shares; and

(b) will not realize a capital gain or capital loss on the transfer of Class 1 Reorganization Shares to SpinCo in exchange for SpinCo Common Shares, unless the Shareholder chooses to recognize a capital gain or loss in the Shareholder's income tax return for the taxation year in which the Arrangement is implemented.

The Shareholder's adjusted cost base of its Common Shares must be allocated between the New Common Shares and SpinCo Common Shares. The allocation must be made on the basis of their relative fair market values.

This summary is qualified entirely by the discussion of Canadian federal income tax considerations below, see "*Canadian Federal Income Tax Considerations*". Among other details, it summarizes such Canadian income tax considerations for holders of Common Shares who are non-residents of Canada and for holders of Common Shares who exercise dissent rights in relation to the Arrangement.

Investment Considerations

Investments in development stage companies such as the Company and SpinCo are highly speculative and subject to numerous and substantial risks which should be considered in relation to the Arrangement. There is no assurance that a public market will continue in the New Common Shares or that there will be a public market for the SpinCo Common Shares after the Effective Date. See "*Information Concerning the Company – Risk Factors*" and "*Information Concerning* SpinCo *– Risk Factors*".

Applications to the Exchange

The Company intends to apply to the Exchange or to notify the Exchange to approve or consent to the listing of the New Common Shares in place of the existing Common Shares upon implementation of the Arrangement, subject to the fulfillment of any requirements of the Exchange. The approval or consent of the Exchange is a condition of the Arrangement proceeding. **As of the date hereof, the Exchange has not provided its approval of or consent to the Arrangement or the listing of the New Common Shares**.

Failure to Complete Arrangement

IN THE EVENT THE ARRANGEMENT RESOLUTION IS NOT PASSED BY THE REQUISITE NUMBER OF VOTES BY THE SHAREHOLDERS, THE COURT DOES NOT APPROVE THE ARRANGEMENT OR THE ARRANGEMENT DOES NOT PROCEED FOR SOME OTHER REASON, THE WORKING CAPITAL WILL REMAIN WITH THE COMPANY AND THE COMPANY WILL CARRY ON BUSINESS AS IT IS CURRENTLY CARRIED ON. IN SUCH CIRCUMSTANCES, SPINCO WILL LIKELY REMAIN AS A DORMANT SUBSIDIARY OF THE COMPANY.

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof. Other terms used in this Circular are defined therein.

Arrangement	The proposed arrangement under the BCBCA, among the Company and the Shareholders, and SpinCo and its shareholders as described under the heading "*The Arrangement – Details of the Arrangement*".
Arrangement Agreement	The arrangement agreement made as of April 18, 2016, between the Company and SpinCo, as amended by the Amended and Restated Arrangement Agreement entered into by said parties on April 21, 2016, copies of which are set forth in Schedule B attached to this Circular, and any amendments made thereto. References to the Arrangement Agreement include the Amended and Restated Arrangement Agreement.
Arrangement Resolution	The resolution, the full text of which is set forth in Schedule A attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting.
BCBCA	The *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time.
Beneficial Shareholder	A shareholder holding its Common Shares through an Intermediary, or otherwise not in the shareholder's own name.
Board of Directors or Board	The board of directors of the Company.
Circular	This Information Circular.
Class 1 Reorganization Shares	The Class 1 shares without par value in the capital of the Company, which will be issued as part of the Arrangement as set forth in the Arrangement Agreement.
Common Shares	The (Class A) common shares without par value in the capital of the Company issued and outstanding immediately prior to the implementation of the Arrangement on the Effective Date.
Company	Pacific Therapeutics Ltd.
Court	The Supreme Court of British Columbia.
CRA	The Canada Revenue Agency.

Dissent Notice	A validly delivered written objection to the Arrangement Resolution, as described under "*Rights of Dissent*."
Dissenting Shareholder	A Shareholder who delivers a Dissent Notice and validly exercises the right of dissent provided with respect to the Arrangement, as described under "*Rights of Dissent*."
Effective Date	The date the Plan of Arrangement becomes effective.
Exchange	The Canadian Securities Exchange.
Final Order	The final order of the Court approving the Arrangement.
Financial Statements	The audited financial statements of the Company for the year ended December 31, 2015, together with the auditors' report thereon.
Asset Purchase Agreement	Means the asset purchase agreement dated July 23, 2015 between Forge Therapeutics Inc. and Pacific Therapeutics Ltd., which will be transferred by the Company to SpinCo as partial consideration for the redemption of the Class 1 Reorganization Shares in connection with the Arrangement.
Interim Order	The interim order of the Court dated April 19, 2016, providing, among other things, for the calling and holding of the Meeting, a copy of the form of which is attached as Schedule C to this Circular.
Intermediary	A broker, intermediary, trustee or other person holding Common Shares on behalf of a Beneficial Shareholder.
ITA	The *Income Tax Act* (Canada), as amended, and the regulations thereunder.
Meeting	The annual and special general meeting of Shareholders to be held on May 20, 2016.
New Common Shares	The new common shares without par value in the capital of the Company to be issued as part of the Arrangement.
Option Plan	The Company's incentive stock option plan, as described under "*Information Concerning the Company – Options to Purchase Shares*".
Plan of Arrangement	The plan of arrangement set out as Exhibit 1 to the Arrangement Agreement which is attached as Schedule B to this Circular, and any amendments or variation thereto.
Record Date	March 22, 2016.
Registrar	The Registrar of Companies appointed under section 400 of the BCBCA.

SEC	The United States Securities and Exchange Commission.
Shareholders	Holders of one or more Common Shares.
Share Distribution Date	Means the Record Date, unless as determined otherwise by the Board, which date establishes the Shareholders and/or former holders of Common Shares who will be entitled to receive SpinCo Common Shares pursuant to the Arrangement.
SpinCo	Cabbay Holdings Corp. is a private British Columbia corporation and wholly-owned subsidiary of the Company which will acquire the Asset Purchase Agreement and $1,000 in working capital from the Company in connection with the Arrangement, herein referred to as SpinCo.
SpinCo Common Shares	The Class A common shares without par value in the capital of SpinCo.
SpinCo Reorganization Ratio	The percentage resulting from the division of 1,379,887, being the total number of SpinCo Common Shares to be issued, as numerator, by the number of Class 1 Reorganization Shares issued on the Effective Date, as denominator. The ratio is 100% (1:1).
Transfer Agent	Computershare Trust Company of Canada.
1933 Act	The United States *Securities Act of 1933*.

GENERAL INFORMATION FOR MEETING

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of Pacific Therapeutics Ltd. (the "**Company**") for use at the annual general and special meeting of the shareholders of the Company to be held at 3rd Floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9 at 2 p.m. on May 20, 2016 (the "**Meeting**"), for the purposes set out in the accompanying notice of meeting and at any adjournment thereof.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Company may at its discretion (unless required to do so by applicable law) reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof may be borne by the Company except that the Company will not be paying for delivery of materials to OBOs (defined herein). The Company will not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

These securityholder materials are being sent to registered and non-registered owners of Common Shares. If you are a non-registered owner of Common Shares, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf.

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting (a "**Proxy**"). Each Shareholder who is entitled to attend at meetings of Shareholders is encouraged to participate in the Meeting and all Shareholders are urged to vote on matters to be considered in person or by proxy.

All references to numbers of Common Shares and other securities are post-consolidation numbers after taking into account the Company's consolidation on March 11, 2016.

All time references in this Circular are references to Vancouver time.

APPOINTMENT AND REVOCATION OF PROXY

Registered Shareholders

Appointment of a Proxy

Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy. In order to validly appoint a proxy, registered Shareholders who wish to be represented at the Meeting by proxy should deliver their completed Proxies to Computershare Trust Company of Canada located at 510 Burrard Street, 2nd floor, Vancouver, B.C. V6C 3B9 (by mail,

telephone or internet according to the instructions on the Proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment or postponement thereof, otherwise the shareholder will not be entitled to vote at the Meeting by proxy. After such time, the chairman of the Meeting may accept or reject a Proxy delivered to him in his discretion but is under no obligation to accept or reject any particular late Proxy.

The persons named as proxyholders in the Proxy accompanying this Circular are directors or officers of the Company, or persons designated by management of the Company, and are representatives of the Company's management for the Meeting. **A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the management nominee designated in the Proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person's name in the blank space provided in the accompanying Proxy; or (ii) completing another valid form of proxy. In either case, the completed Proxy must be delivered to the Transfer Agent, at the place and within the time specified herein for the deposit of proxies.** A Shareholder who appoints a proxy who is someone other than the management representatives named in the Proxy should notify such alternative nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the Proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy).

Revoking a Proxy

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. A registered Shareholder may revoke a Proxy by:

(a) signing a Proxy with a later date and delivering it at the place and within the time noted above;

(b) signing and dating a written notice of revocation (in the same manner as the Proxy is required to be executed, as set out in the notes to the Proxy) and delivering it to the office of the Company at Suite 605-815 Hornby St., Vancouver, BC, V6Z 2E6 or the Transfer Agent at 510 Burrard Street, 2nd floor, Vancouver, B.C. V6C 3B9 at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof at which the Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof;

(c) attending the Meeting or any adjournment or postponement thereof in person (or where the Shareholder is a corporation or another entity, its authorized representative attending the same) and registering with the scrutineer as a Shareholder present in person (or for a non-individual Shareholder present by its authorized representative, as applicable) and indicating the intention to revoke the Shareholder's Proxy to the Chairman of the Meeting (or any adjournment or postponement thereof) before the Proxy is exercised in such Meeting, whereupon the Proxy related to such Shareholder shall be deemed to have been revoked; or

(d) in any other manner provided by law.

The document used to revoke a Proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Signature on Proxies

The Proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation or other another type of entity, by a duly authorized officer whose title must be indicated. A Proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Company).

Voting of Proxies

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Proxy.

The Common Shares represented by the enclosed Proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted **FOR THE RESOLUTIONS DESCRIBED IN THE PROXY AND BELOW.** If any amendment or variation to the matters identified in the Notice is proposed at the Meeting or any adjournment or postponement thereof, or if any other matters properly come before the Meeting or any adjournment or postponement thereof, the accompanying Proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. Unless otherwise stated, the Common Shares represented by a valid Proxy will be voted in favour of the election of nominees set forth in this Circular except where a vacancy among such nominees occurs prior to the Meeting, in which case, such Common Shares may be voted in favour of another nominee in the proxyholder's discretion. As at the date of this Circular, management of the Company knows of no such amendments or variations or other matters to come before the Meeting.

Beneficial Shareholders

The information set forth in this section is of significant importance to a substantial number of the Shareholders who do not hold their Common Shares in their own names. Shareholders who do not hold their Common Shares registered in their own names (such as, but not limited to, those Shareholders holding their shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans or other persons) (referred to in this Circular as "**Beneficial Shareholders**") should note that only Proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted/voted upon at the Meeting.

If a Shareholder's Common Shares are listed in an account statement provided to the Shareholder by a broker, in all likelihood those Common Shares are not registered in the Shareholder's name and that

Shareholder is a Beneficial Shareholder. Such Common Shares are most likely registered in the name of the Shareholder's broker or an agent or nominee of that broker. In Canada the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against any resolutions) at the Meeting (or any adjournment or postponement thereof) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. or other brokers/agents are held. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting**.

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Beneficial Shareholders have the option of not objecting to their Intermediary disclosing certain ownership information about themselves to the Company (such Beneficial Shareholders are designated as non-objecting beneficial owners, or "**NOBOs**") or objecting to their Intermediary disclosing ownership information about themselves to the Company (such Beneficial Shareholders are designated as objecting beneficial owners, or "**OBOs**").

The notice of Meeting, Information Circular and voting instruction form ("**VIF**") or Proxy are collectively referred to as the "**Meeting Materials**". The Company does not intend to pay for Intermediaries to deliver the Meeting Materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting Materials unless their Intermediary assumes the costs of delivery.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to OBOs.

Meeting Materials sent to Beneficial Shareholders are accompanied by a voting instruction form ("**VIF**"), instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Intermediary (or other registered shareholder) how to vote the Beneficial Shareholder's shares on the Beneficial Shareholder's behalf. For this to occur, it is important that the VIF be completed and returned in accordance with the specific instructions noted on the VIF.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions for the VIF, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable or scannable VIF instead of a proxy form, mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge as instructed by Broadridge. Beneficial Shareholders sometimes are provided with a toll-free telephone number or website information to deliver the Beneficial Shareholder's voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the

Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed voting instruction form as directed by Broadridge well in advance of the Meeting. If you have any questions respecting the voting of shares held through an Intermediary, please contact that Intermediary for assistance.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of their Common Shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote common shares directly at the Meeting – Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered**. Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, arrange for its Intermediary to revoke its VIF on its behalf.

All references to Shareholders in this Information Circular and the accompanying instrument of proxy and notice of Meeting are to registered Shareholders unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request to registered Shareholders who produce proof of their identity.

The Meeting Materials are being sent to both registered and non-registered owners of the Company's Common Shares. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of the Company's securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

Voting of Shares and Exercise of Discretion of Proxies

If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares represented by proxy will be voted or withheld from voting by the proxyholder in accordance with those instructions on any ballot that may be called for. In the Proxy, in the absence of any instructions in the Proxy, it is intended that such shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meeting as stated under the headings in the Notice of Meeting to which this Circular is attached. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The Proxy enclosed, in the absence of any instructions in the Proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the Proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a Shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to

the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Circular, management of the Company is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

Voting Shares and Principal Holders Thereof

Only those Shareholders of record on the Record Date will be entitled to vote at the Meeting or any adjournment or postponement thereof, in person or by Proxy. On the Record Date, 1,379,887 Common Shares were issued and outstanding, each Common Share carrying the right to one vote.

The Record Date should be distinguished from the Share Distribution Date. However, it is expected that the Share Distribution Date will be the Record Date. Shareholders or former Shareholders must be Shareholders on the Share Distribution Date, and not the Record Date, to participate in the Arrangement to receive SpinCo Common Shares.

To the best knowledge of the directors and senior officers of the Company, the only Shareholders who beneficially own, directly or indirectly, or exercise control or discretion over, Common Share carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as of the Record Date is Howe & Bay Financial Corp.

NOTICE-AND-ACCESS

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101—*Communication with Beneficial Owners of Securities of a Reporting Issuer*.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Interpretation

"Named executive officer" ("**NEO**") means:

(a) a Chief Executive Officer ("**CEO**");

(b) a Chief Financial Officer ("**CFO**");

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Derick Sinclair, CEO, CFO and Douglas Unwin, former CEO.

Compensation Discussion and Analysis and Compensation Governance

The Board of Directors ("**Board**") ensures that total compensation paid to all NEOs, as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers, directors and consultants with other junior companies in assessing compensation levels. The Company currently has no formal compensation committee.

The principal elements of the executive officers' compensation consists of base salary and long-term incentive awards (stock options). Base salary is used to provide NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's Option Plan.

Long Term Compensation and Option Based Awards

The Company has no long-term incentive plans other than the Plan. The Company's directors and officers and certain consultants are entitled to participate in the Plan. The Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Option Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

Stock options are recommended by the Company's Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEO's and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision the exercise price of any option must not be less than the greater of the closing market price of the underlying security on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options as permitted by the rules of the Exchange.
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and

- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year. The Company used the BlackScholes option pricing model for calculating the fair value of options granted. The Black-Scholes model is commonly used by junior public companies.

Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company for services in all capacities to the Company during the three most recently completed financial years:

Name and principal position	Year Ended	Salary (CAD$)	Share-based awards ($)[1]	Optionbased awards ($)[2]	Non-equity incentive plan compensation ($)[3]		Pension value ($)	All other compensation ($) [6]	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Douglas H. Unwin[4], former President, CEO and Director	2015	106,667	NIL	NIL	NIL	NIL	NIL	NIL	106,667
	2014	160,000	NIL	NIL	NIL	NIL	NIL	NIL	160,000
	2013	155,000	NIL	NIL	NIL	NIL	NIL	NIL	155,000
Derick Sinclair[5], President, CEO, CFO and Director	2015	24,000	NIL	NIL	NIL	NIL	NIL	NIL	24,000
	2014	36,000	NIL	NIL	NIL	NIL	NIL	NIL	36,000
	2013	34,500	NIL	NIL	NIL	NIL	NIL	NIL	34,500

Notes:

(1) "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

(2) "Option-based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

(3) "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.

(4) Douglas Unwin resigned as the Company's President Director, and CEO on August 25, 2015.

(5) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(6) Perquisites and other personal benefits, securities or property that do not in the aggregate exceed the lesser of $50,000 and 10% of the total of the annual salary and bonus for the NEOs for the financial year, if any, are not disclosed.

Narrative Discussion

The Company granted zero stock options to its NEOs during the financial year ended December 31, 2015.

Other than as set forth above, no NEO of the Company has received, during the most recently completed financial year, compensation pursuant to:

(a) any standard arrangement for the compensation of NEOs for their services in their capacity as NEOs, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of NEOs in their capacity as NEOs; or

(c) any arrangement for the compensation of NEOs for services as consultants or expert.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan.

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year ended December 31, 2015 to the NEOs of the Company:

	Option-based Awards[3]				**Share-based Awards[4]**	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Douglas H. Unwin[1], former President, CEO and Director	Nil	Nil	Nil	Nil	Nil	Nil
Derick Sinclair[2], President, CEO, CFO and Director	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Douglas Unwin resigned as the Company's President, Director and CEO on August 25, 2015.

(2) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(3) The option-based awards relate to those stock options awarded pursuant to the Plan.

(4) The Company does not have any share-based incentive compensation plans outstanding.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year ($)[3]	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Douglas H. Unwin[1]	Nil	N/A	N/A
Derick Sinclair[2]	Nil	N/A	N/A
Wendi Rodrigueza[4]	4,500[5]	N/A	N/A

Notes:

(1) Douglas Unwin resigned as the Company's President and CEO on August 25, 2015.

(2) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(3) All of these options, if any, vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates. The option values were estimated using the Black-Scholes option pricing model.

(4) Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

(5) On February 2, 2015, 5,000 options to purchase class A common shares of the Company at an exercise price of $3.00 per share and expiring 5 years after issuance. The foregoing is disclosed on a post-consolidation basis. The option values were estimated using the Black-Scholes option pricing model.

There was no re-pricing of stock options under the Option Plan or otherwise during the Company's most recently completed financial year ended December 31, 2015.

Pension Plan Benefits – Defined Benefits Plan

The Company does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or in connection with any termination (whether voluntary,

involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities, that are in effect.

Director Compensation

Director Compensation Table

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company other than the Named Executive Officers, during the fiscal year ended December 31 2015. For details of the compensation for the Named Executive Officers who are also directors of the Company, see disclosure in "*Summary Compensation Table for Named Executive Officers*".

Name	Fees earned ($)[1]	Share based awards ($)[2]	Option based awards ($)[3]	Non-equity incentive plan compensation ($)[4]	Pension value ($)[5]	All other compensation ($)	Total ($)
Derick Sinclair	0	0	0	0	0	0	0
Brian Gusko	0	0	0	0	0	0	0
Neil Cox[6]	0	0	0	0	0	0	0
Dr. Wendi Rodriugeza[7]	0	0	$4,500	0	0	0	0
Douglas H. Unwin	0	0	0	0	0	0	0
M. Greg Beniston	0	0	0	0	0	0[6]	0
Douglas Wallis	0	0	0	0	0	0	0

Notes:

(1) The Company does not have any current plans for the payment of fees to Company directors.

(2) The Company does not have any share-based incentive compensation plans outstanding.

(3) The option values were estimated using the Black-Scholes option pricing model.

(4) The Company does not have any non-equity incentive compensation plans outstanding.

(5) The Company does not have a pension plan.

(6) Neil Cox resigned as director on November 17, 2015.

(7) Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Company other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1] ($)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Derick Sinclair	N/A	N/A	N/A	N/A	N/A	N/A
Brian Gusko[1]	N/A	N/A	N/A	N/A	N/A	N/A
Neil Cox[2]	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Wendi Rodriugeza[3]	N/A	N/A	N/A	N/A	N/A	N/A
Douglas H. Unwin[4]	N/A	N/A	N/A	N/A	N/A	N/A
M. Greg Beniston[4]	N/A	N/A	N/A	N/A	N/A	N/A
Douglas Wallis[4]	N/A	N/A	N/A	N/A	N/A	N/A

[1] Brian Gusko was elected as a director at the Company's previous annual general meeting.

[2] Neil Cox resigned as director on November 17, 2015.

[3] Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

[4] Douglas H. Unwin, M. Greg Beniston, and Douglas Wallis all resigned from the Company's board at its last annual general meeting.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year ended December 31, 2015 other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based awards – Value vested during the year ($)[1]	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Derick Sinclair	Nil	Nil	Nil

Brian Gusko[2]	Nil	Nil	Nil
Neil Cox[3]	Nil	Nil	Nil
Dr. Wendi Rodriugeza[4]	$4,500[6]	Nil	Nil
Douglas H. Unwin[5]	Nil	Nil	Nil
M. Greg Beniston[5]	Nil	Nil	Nil
Douglas Wallis[5]	Nil	Nil	Nil

(1) All of these options vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates. The option values were estimated using the Black-Scholes option pricing model.

(2) Brian Gusko was elected as a director at the Company's previous annual general meeting.

(3) Neil Cox resigned as director on November 17, 2015.

(4) .Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

(5) Douglas H. Unwin, M. Greg Beniston, and Douglas Wallis all resigned from the Company's board at its last annual general meeting.

(6) On February 2, 2015, the Company issued 5,000 options (calculated on a post-consolidation basis) for the purchase of common share of the Company exercisable at a price of $3.00 per share (calculated on a post-consolidation basis). The option values were estimated using the Black-Scholes option pricing model.

Narrative Discussion

For a summary of the material provisions of the Company's Plan, pursuant to which all option-based awards are granted to the Company's directors, please see below under the heading "*Information Concerning the Company – Options to Purchase Shares*". The Company granted 13,333 stock options in the year ending December 31, 2015.

Long Term Incentive Plans

The Company does not have a Long Term Incentive Plan pursuant to which it provides compensation intended to motivate performance over a period greater than one financial year.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as disclosed below, during the most recently completed financial year there were no employment contracts between the Company or its subsidiaries and a NEO, and no compensatory plans, contracts or arrangements where a NEO is entitled to receive more than $100,000 from the Company or its subsidiaries, including periodic payments or installments, in the event of:

(a) The resignation, retirement or any other termination of the NEO's employment with the Company and its subsidiaries;

(b) A change of control of the Company or any of its subsidiaries; or

(c) A change in the NEO's responsibilities following a change in control.

The Company entered into an Employment Agreement with Mr. Unwin effective as of January 1, 2010. This was the only change of control agreement the Company has entered into. In the event of a potential change in control and until twelve (12) months after a change in control, unless Mr. Unwin terminates his employment with the Company for good reason, Mr. Unwin will continue to diligently carry out his duties and obligations under his employment agreement. If within twelve (12) months following a change of control of the Company, Mr. Unwin terminates his employment for good reason, or the Company terminates his employment other than for cause, the Company would be obligated to pay to Mr. Unwin a lump sum equal to twelve (12) months of his then current base salary plus other sums owed for arrears of salary, vacation pay and any performance bonus. In such case, the Company would also obligated to maintain Mr. Unwin's benefits for the twelve (12) month period and his unvested stock options will immediately vest. Mr. Unwin subsequently resigned from the Company prior to any change of control event and as such the mentioned agreement is no longer in effect. No further changes to employment contracts have occurred.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of the end of the Company's fiscal year ended December 31, 2015, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance: For further information regarding the Plan, please see "*Information Concerning the Company – Options to Purchase Shares*".

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[(1)]
Plan Category	**(a)**	**(b)**	**(c)**
Equity compensation plans approved by security holders	0	N/A	N/A
Equity compensation plans not approved by security holders	N/A	Nil	N/A
Total	0	Nil	N/A

[(1)] Based on 10% rolling stock option plan.

Corporate Governance Disclosure

Board of Directors

The Board of Directors presently has four (4) directors including Christine Mah, Brian Gusko, Robert Horsley and Derick Sinclair, the first two of whom are independent. The definition of independence used by the Company is that used by the Canadian Securities Administrators, which is set out in section 1.4 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). A director is independent if he has no direct or indirect material relationship to the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

Brian Gusko and Christine Mah are considered independent directors. Robert Horsley is not considered independent as he is a senior officer of the Company

The Board believes that the principal objective of the Company is to generate economic returns with the goal of maximizing shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board's responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, communications with other parties and overseeing financial and corporate issues. Directors are involved in the supervision of management.

Pursuant to the BCBCA, directors must declare any interest in a material contract or transaction or a proposed material contract or transaction. Further, the independent members of the Board of Directors meet independently of management members when warranted.

Other Directorships

The directors of the Company are also currently directors of the following reporting issuers:

Brian Gusko

He is a director Lomiko Metals Inc. (TSXV: LMR) and cloud nine Education Group (reporting issuer in BC, but not listed on an exchange).

Robert Horsley

He is a director of Evolving Gold Corp. (TSXV: EVG).

Derick Sinclair

He is a director of Madeira Minerals Ltd. (NEX: MDEH) and JDF Explorations Inc. (CSE: JDF).

Christine Mah

None.

Orientation and Continuing Education

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors.

When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Company's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

Ethical Business Conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility.

In addition, some of the directors of the Company also serve as directors and officers of other companies, the Board must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Company's development. While there are not specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Company.

Compensation

The Company does not currently have a formal compensation committee.

Other Board Committees

Committees of the Board are an integral part of the Company's governance structure. At the present time, the only standing committee is the Audit Committee. Please see the table under the heading "Election of Directors" in this Circular for disclosure of the membership of each committee.

The Committees of the Board of Directors is responsible for: (i) developing and recommending to the Board a set of corporate governance principles applicable to the Company to ensure that the Company's corporate governance system is effective in discharge of its obligations to the Company's stakeholders; (ii) identifying individuals qualified to become new Board members and to recommend to the Board new director nominees from time to time; (iii) establishing and administering a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole and the committees of the Board; (iv) assisting the Board in overseeing the process of evaluation of the Board, its committees and individual directors; (v) establishing, administering and evaluating the compensation philosophy, policies and plans for non-employee directors and executive officers; (vi) ensuring that the Company has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management; and (vii) making recommendations to the Board regarding director and executive compensation based on a review of the performance of the directors and executive officers.

Assessments

The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to

recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.

Audit Committee

General

The Audit Committee is responsible for the Company's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

Audit Committee Charter

The Audit Committee Charter is attached as Schedule H to this information circular.

Composition

The Audit Committee currently consists of the following directors. Also indicated is whether they are 'independent' and 'financially literate'.

Name	Independent	Financial Literacy
Robert Horsley	No[(1)]	Yes
Brian Gusko	Yes	Yes
Christine Mah	Yes	Yes

Notes:

[(1)] A member of the Audit Committee is independent if he has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.

[(2)] A member of the Audit Committee is financially literate if he 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 Company's financial statements.

[(3)] Mr. Sinclair is the President and Chief Executive Officer of the Company and as such is not considered independent pursuant to NI 52-110. The Audit Committee does not believe that his position materially affects the Audit Committee's independence from management of the Company.

Relevant Education and Experience

The education and experience of each audit committee member that is relevant to the performance of each individual's responsibilities as an audit committee member is as follows:

Robert Horsley

Mr. Robert "Nick" Horsley has over 10 years of public markets experience focused in finance, investor relations, marketing management and merger & acquisitions. Mr. Horsley has served as a director and a consultant to several public and private companies and has worked in a variety of industries including: consumer goods, energy, mining, oil & gas, nutraceuticals & pharmaceuticals, and technology. He is also a director of Evolving Gold Corp. and has held the following positions with that company: Member of Audit Committee; Member of Compensation Committee; Member of Corporate Governance Committee; and Member of Technical Committee.

Brian Gusko, MBA

Mr. Gusko brings with him significant resource, technology and international business experience. Most recently he has been active as a Board member or CFO of numerous public companies. He currently is on the Board of Directors of Lomiko Metals (LMR:tsxv) and sits on Lomiko's audit committee. Previously he was CFO of UC Resources (UC.tsxv) and Vodis Pharmaceuticals (VP.cse). He is also on the audit committee of cloud nine Education Group, which is a reporting issuer in BC but not yet listed.

He has completed the Canadian Securities Course, and passed CFA Level I.

Christine Mah

Ms. Mah is an experienced professional holding a marketing diploma from British Columbia Institute of Technology. Ms. Mah has spent 10 years working with reporting companies assisting with office management, office system implementation, book keeping and administration services. Her corporate experience has ranged from industries such as communications, technology, consumer goods, culinary. Ms. Mah has had experience relevant to audit committees by actively participating in the yearly audits of Evolving Gold Corp.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has relied on the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110. The Company relied on the exemption in section 2.4 in relation to the Company's auditor preparing the Company's 2014 and 2015 tax returns at an estimated and final cost of $3,000, making up approximately 7% of their total billing for 2015 services.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

External Auditor Service Fees (By Category)

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor for the last three (3) fiscal years ended December 31, 2015, 2014 and 2013.

Financial Year Ending	**Audit Fees**	**Audit Related Fees**	**Tax Fees**	**All Other Fees**
December 31, 2015	$18,000	$360	$3,576	$ -
December 31, 2014	$15,000	$2,381	$3,576	$ -
December 31, 2013	$24,480	$8,500	$3,576	$ -

Exemption

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 Composition of the Audit Committee and Part 5 Reporting Obligations of NI 52-110 because it is a venture issuer.

Indebtedness of Directors and Senior Officers

None of the directors or executive officers of the Company or any subsidiary thereof, or any associate or affiliate of the above, is or has been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

Interest of Certain Persons or Companies in Matters to be Acted Upon

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company at any time since the beginning of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter scheduled to be acted upon at the Meeting other than the election of directors.

Interest of Informed Persons in Material Transactions

Except as disclosed herein or as below, no director or officer of the Company or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Company's outstanding shares or any associate or affiliate of any of the foregoing has any

material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year that has materially affected or will materially affect the Company.

ANNUAL MEETING

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The audited financial statements of the Company for the year ended December 31, 2015 together with the report of the auditors thereon, will be presented to the shareholders at the Meeting for their review and consideration. The financial statements have been filed on SEDAR and are available at www.sedar.com.

2. Appointment of Auditor

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Davidson & Corporation LLP, Chartered Accountants, as auditors of the Company. Davidson & Corporation LLP, Chartered Accountants, were first appointed auditors of the Company in 2014. Pursuant to the Articles of the Company, the Directors will set the remuneration of the auditors.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of Davidson & Corporation LLP., Chartered Accountants as auditors of the Company to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and the terms of their engagement, unless the shareholder has specified in a proxy that his, her or its Shares are to be withheld from voting in respect thereof.

3. Number of Directors

The Articles of the Company provide that the Company shall have a minimum of three and a maximum of that number of directors as may be fixed or changed from time to time by majority approval from the shareholders. Accordingly, shareholders will be asked to set the number of directors at three (3).

4. Election of Directors

Management of the Company proposes to nominate the persons listed below for election as directors to hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the BCBCA and the Articles of the Company.

All of the nominees are currently members of the Board. Management does not contemplate that any of the nominees will be unable to serve as a director. **However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited proxy.**

It should be noted that the names of further nominees for election as director may come from the floor during the Meeting.

The following table sets out the names of the persons to be presented for election as director as nominees of management, all other positions and offices with the Company now held by them, their principal occupation or employment, the year in which they became a director of the Company and the number of Common Shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them, if any, as at the date hereof:

Name Province/State Country of Residence and Position(s) with the Company[(1)]	**Principal Occupation Business or Employment for Last Five Years[(1)]**	**Director Since**	**Number of Common Shares Owned[(1)]**
[(2)]Robert Horsley BC, Canada CEO and Director	Director of Evolving Gold Corp (Since March 4, 2014) (CSE: EVG) Owner of Marksman Geological Ltd (Exploration Management & Contracting Services) Owner of Cervus Business Management Inc (Capital Markets Advisory Firm) Partner in Howe And Bay Financial Corp (Capital Markets Advisory Firm)	February 1, 2016	416,666
[(2)(3)]Brian Gusko, MBA BC, Canada Director	Partner at Howe & Bay Financial Corporation, Formerly CFO of Vodis Pharmaceuticals (CSE: VP) Director of Lomiko Metals Inc. (TSXV: LMR), Director Arco Resources Corp. (TSXV: ARR), Director Robix Alternative Fuels (now Robix Environmental Technologies Inc.) (CSE: RZX), director Newnote Financial Corporation (CSE: NEW).	August 25, 2016	421,971
[(2)(3)]Christine Mah BC, Canada Director	Executive Secretary for Evolving Gold Corp (EVG: cse), Canada Carbon Inc. (CCB: TSXV) and Canada Coal Inc. (CCK: TSXV)	February 12, 2016	0

(1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.

(2) Denotes a member of the audit committee.

(3) Denotes an independent director.

Unless otherwise stated, each of the above proposed directors has held the principal occupation or employment indicated for the past five years.

The above information has been furnished by the respective directors individually.

Pursuant to the requirements of applicable securities legislation, we provide below the following additional biographical information for each of the above directors.

Robert Horsley

Mr. Robert "Nick" Horsley has over 10 years of public markets experience focused in finance, investor relations, marketing management and merger & acquisitions. Mr. Horsley has served as a director and a consultant to several public and private companies and has worked in a variety of industries including: consumer goods, energy, mining, oil & gas, nutraceuticals & pharmaceuticals, and technology.

Brian Gusko, MBA

Mr. Gusko brings with him significant resource, technology and international business experience. Most recently he has been active as a Board member or CFO of numerous public companies. He currently is CFO of Vodis Pharmaceuticals (RZX:cse) and on the Board of Directors of Lomiko Metals. (LMR:tsxv) and Arco Resources Corp. (ARR:tsxv). In the past year he was on the Board of Robix Alternative Fuels (RZX:cse), Vodis Pharmaceuticals, and Newnote Financial Corporation (NEW:cse). His primary focus is working as a Partner at Howe & Bay Financial Corporation, which is a leading Canadian Capital Markets advisory firm.

Christine Mah

Ms. Mah is an experienced professional holding a marketing diploma from British Columbia Institute of Technology. Ms. Mah has spent 10 years working with reporting companies assisting with office management, office system implementation, book keeping and administration services. Her corporate experience has ranged from industries such as communications, technology, consumer goods, and culinary.

Corporate Cease Trade Orders

To the best of management's knowledge, no proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that: was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an order that was issued after the proposed director 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.

Bankruptcies

To the best of management's knowledge, no proposed director of the Company has, within 10 years before the date of this Information Circular, been a director or 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.

Penalties and Sanctions

To the best of management's knowledge, no proposed director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority;

or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

Certain directors and officers of the Company act, be, or may act or become from time to time directors, officers or shareholders of other companies that may be engaged in a similar business as that of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of the Company also serves as a director or officer of another company engaged in similar business activities to the Company, that director must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

5. Approval of 2016 Stock Option Plan

The Corporation's Stock Option Plan is a “rolling” stock option plan pursuant to which directors, officers, employees and consultants of the Corporation are awarded options to purchase Shares. The Option Plan was last approved by the Shareholders of the Company at its previous annual general and special meeting held on August 25, 2015.

The Option Plan is identical to the one previously approved by Shareholders. Accordingly, Shareholders are being asked to approve the current Option Plan known as the “2016 Stock Option Plan” or the “Plan”.

The 2016 Option Plan has been established to advance the interests of the Company or any of its subsidiaries and affiliates by encouraging the directors, officers, employees and consultants of the Company, or any of its subsidiaries or affiliates, to acquire Common Shares thereby increasing their proprietary interest in the Company, encouraging them to remain with the Company, or its subsidiaries or affiliates, and providing them with additional incentive in the conduct of their affairs for and on behalf of the Company, its subsidiaries and affiliates.

(For more information about the 2016 Option Plan see "Information Concerning the Company – Options to Purchase Shares")

THE ARRANGEMENT

Purpose of the Arrangement

The purpose of the Arrangement is to restructure the Company and separate its two distinct businesses by transferring or "spinning-out" the Company's Asset Purchase Agreement relating to its technology assets for the development of therapies for fibrosis (PTL-202) and erectile dysfunction (ED) (PTL-2015) business and $1,000 into Spinco, a new British Columbia corporation incorporated by the Company to facilitate the Arrangement, which will become a reporting issuer in the Province of British Columbia on the effective date of the Arrangement. By transferring the Asset Purchase Agreement into a new company, the Company will be able to focus on the development of BP120, an early stage immune boosting herbal supplement pursuant to a joint venture with Truevita, and consider and/or pursue other projects or business objectives whether in the biotechnology industry or otherwise, as they may arise from time to time, as further described herein.

The Company believes this will be beneficial to both the Company and the Shareholders of the Company for a variety of reasons including the belief that the proposed Arrangement will: (i) allow the respective management teams and boards to concentrate their time and efforts on their respective and distinct businesses; (ii) allow the capital markets, investors and shareholders to evaluate the respective businesses within their respective peer groups; (iii) better attract financing and investment; (iv) allow management to utilize available funds in a more efficient and strategic manner without having to advance two very distinct business segments; and (v) attract key management and directors with specialized expertise in the respective businesses.

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates as proposed are as follows:

Meeting:	May 20, 2016
Final Court Approval:	May 30, 2016
Effective Date:	June 6, 2016

The Effective Date is an anticipated date. The Board of Directors will determine the Effective Date, based on its determination of when all conditions to the completion of the Arrangement are satisfied. Notice of the actual Effective Date will be given to Shareholders through a press release when all conditions to the Arrangement have been met and the Board of Directors is of the view that all elements of the Arrangement will be completed.

The New Common Shares are anticipated to commence trading on the Exchange on the Effective Date. The foregoing dates may be amended at the discretion of the Company.

Details of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is included as Exhibit 1 to the Arrangement Agreement, a copy of which is attached as Schedule B to this Circular.

Pursuant to the Arrangement Agreement, the Company has agreed to transfer the Asset Purchase Agreement and $1,000 of its working capital to SpinCo. This transfer will be effected pursuant to the Arrangement. Under the Arrangement, the existing Shareholders and those who were holders of Common Shares on the Share Distribution Date, in exchange for their Common Shares, will receive one New Common Share and a fraction of a SpinCo Common Share and/or a fraction of SpinCo Common Share (in case of those who are no longer Shareholders or who hold less Common Shares at the Effective Date than they did at the Share Distribution Date), determined in accordance with the SpinCo Reorganization Ratio, as applicable, on the Effective Date.

By resolution dated April 18, 2016, the Board of Directors approved the Arrangement and authorized the making of an application to the Court for the calling of the Meeting. Provided all conditions to implement the Arrangement are satisfied, the appropriate votes of Shareholders authorizing the implementation of the Arrangement are obtained and the Final Court Order is obtained, the following steps will occur as an arrangement pursuant to Section 288 of the BCBCA, one immediately after the other:

(a) The Company will alter its share capital by creating an unlimited number of New Common Shares and Class 1 Reorganization Shares, and will attach rights and restrictions to the New Common Shares and Class 1 Reorganization Shares.

(b) Each issued and outstanding Common Share held by holders of Common Shares, except those held by Dissenting shareholders, will be exchanged for one New Common Share and one Class 1 Reorganization Share, with (i) those who were a holder of Common Shares as of the Share Distribution Date and who had at that date more Common Shares than they have at the time of such exchange being issued such additional number of Class 1 Reorganization Shares (but not any additional New Common Shares) that equals the difference between the Common Shares they held at the Share Distribution Date minus the Common Shares they hold at the time of such exchange, (ii) those who were a holder of Common Shares as of the Share Distribution Date and who had at that date less Common Shares than they have at the time of such exchange only receiving such number of Class 1 Reorganization Shares that is equal to the number of Common Shares they held at the Share Distribution date but will receive number of New Common Shares that is equal to the Common Shares they hold at the time of the exchange , and (iii) those persons who are no longer existing Shareholders but who were holders of Common Shares as of the Share Distribution Date being issued such number of Class 1 Reorganization Shares (but not any New Common Shares) equal to the number of the Common Shares such persons held at the Share Distribution Record Date, and all of the issued Common Shares will be cancelled.

(c) All of the Class 1 Reorganization Shares held by those who were holders of Common Shares on the Share Distribution Date will be transferred by Shareholders to SpinCo in exchange for SpinCo Common Shares in accordance with the SpinCo Reorganization Ratio. SpinCo will not issue any fractional SpinCo Common Shares, and any fractional SpinCo Common Shares resulting from the exchange will be cancelled.

(d) The Company will redeem all of the Class 1 Reorganization Shares from SpinCo and will satisfy the redemption amount of such shares by the transfer to SpinCo of the Asset Purchase Agreement and $1,000 of working capital.

(e) All other holders of Class 1 Reorganization Shares who were not holders of Common Shares as of the Share Distribution Record Date shall be deemed to have surrendered such shares back to PT for cancellation, and such shares shall be cancelled.

As a result of the foregoing, on the Effective Date two companies will exist, the Company and SpinCo. The Company will retain its existing biotechnology business focused on the development and commercialization of BP120, an early stage immune boosting herbal supplement (pursuant to a joint venture between the Company and Truevita), and will consider and/or pursue other projects or business opportunities whether in the technology industry or otherwise, as they may arise from time to time and will retain its remaining working capital, and SpinCo will hold the Asset Purchase Agreement and $1,000 in cash. Shareholders on the Share Distribution Date (other than Dissenting Shareholders) will own New Common Shares and 100% of the issued and outstanding SpinCo Common Shares.

The transactions comprising the Arrangement will occur on a tax-deferred basis for Shareholders who are residents of Canada; however, a Shareholder may choose to recognize a gain that otherwise would be income tax-deferred – the foregoing is a generalization and each Shareholder should consult with such Shareholder's respective tax advisor as the foregoing may not be applicable to such Shareholder. See "*Canadian Federal Income Tax Considerations About the Arrangement for Shareholders*."

Assuming the Shareholders and the Court approve the Arrangement, the Board of Directors will still have discretion as to whether to complete the Arrangement. At the present time, the Board of Directors intends to complete the Arrangement. See "*The Arrangement - Amendment and Termination of the Arrangement Agreement*."

Fairness of Arrangement

The Arrangement was determined to be fair to the Shareholders by the Board of Directors, based upon, but not limited to, the following factors:

(a) Under the terms of the Arrangement, all Shareholders (other than Dissenting Shareholders) will be treated equally as to participation in the Arrangement.

(b) The Arrangement will benefit Shareholders generally through providing them with ownership positions in:

(i) SpinCo, a new company that will be a reporting issuer in the Province of British Columbia, which will hold the Asset Purchase Agreement and $1,000 in cash to be used towards working capital; and

(ii) A continuing interest in the Company, which is retaining its biotechnology business and any other business opportunities or projects that it may pursue and its remaining working capital.

(c) The belief that the proposed Arrangement will: (i) allow the respective management teams and boards to concentrate their time and efforts on their respective and distinct businesses; (ii) allow the capital markets, investors and shareholders to evaluate the respective businesses within their respective peer groups; (iii) better attract financing and investment; (iv) allow management to utilize available funds in a more efficient and strategic manner without having to advance two very distinct business segments; and (v) attract key management and directors with specialized expertise in their respective businesses.

(d) The Arrangement must be approved by two-thirds of the votes cast at the Meeting by Shareholders and by the Court which, the Company is advised, will consider, among other things, the fairness of the Arrangement to Shareholders (see "*The Arrangement - Plan of Arrangement and Conditions to the Arrangement Becoming Effective*").

(e) The availability of rights of dissent to registered Shareholders with respect to the Arrangement.

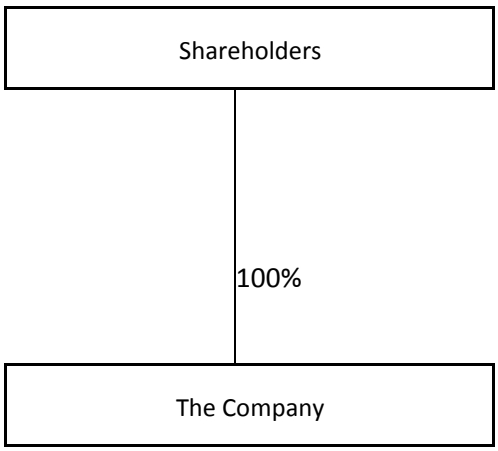
Recommendations of Board of Directors

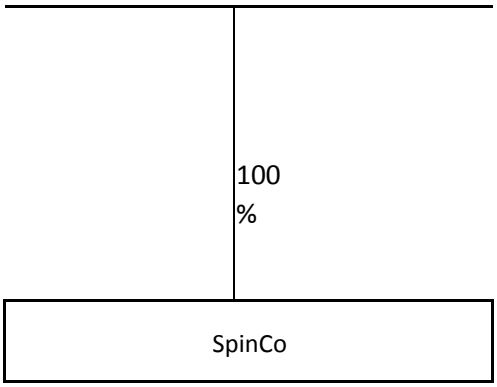
As set out above the Board of Directors has reviewed the terms and conditions of the Arrangement and concluded that the terms thereof are fair and reasonable to, and in the best interests of, the Shareholders. The Board of Directors has therefore authorized the submission of the Arrangement to the Shareholders and the submission of the Arrangement Agreement to the Court for approval.

Corporate Structure

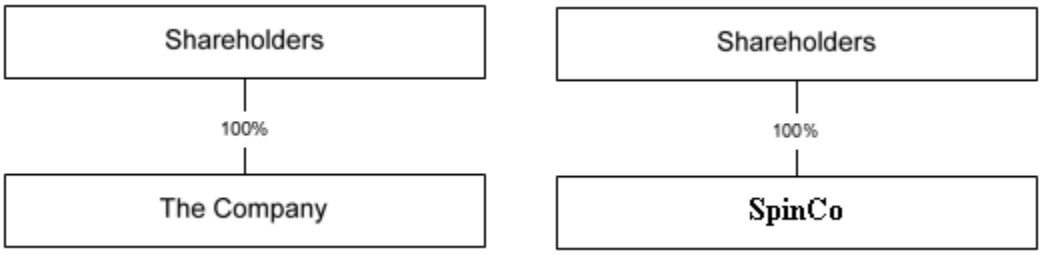
Presented below is the anticipated corporate structure of the Company before and after completion of the Arrangement:

(a) Corporate structure prior to the Arrangement:





(b) Corporate structure immediately following completion of the Arrangement.



Plan of Arrangement and Conditions to the Arrangement Becoming Effective

The directors of each of the Company and SpinCo have authorized the entering into, and each company has entered into, the Arrangement Agreement. A copy of the Arrangement Agreement is attached to this Circular as Schedule B and a copy of the Plan of Arrangement is attached as Exhibit 1 to the Arrangement Agreement.

Pursuant to the Arrangement Agreement, the respective obligations of the Company and SpinCo to complete the Arrangement and to file a certified copy of the Final Order and such other documentation required by the Registrar in order for the Arrangement to be implemented are also subject to the satisfaction of the following conditions, among other things, each of which may be waived by the parties to the Arrangement:

(a) The Arrangement must receive the approval of the Shareholders, as described under "*Required Approvals - Shareholder Approval of Arrangement*".

(b) The Arrangement must be approved by the Court, as described under "*Required Approvals - Court Approval of Arrangement*".

(c) No action has been instituted and continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement, and no cease trading or similar order with respect to any securities of the Company or SpinCo has been issued and remains outstanding.

(d) The Company and SpinCo have received all necessary orders and rulings from various securities commissions and regulatory authorities in the relevant provinces of Canada, where required.

(e) The New Common Shares are listed for trading or have been conditionally approved by the Exchange for listing and trading on the Exchange.

(f) All other consents, waivers, orders and approvals, including regulatory approvals and orders necessary for the completion of the Arrangement, have been obtained or received, with the exception of at most 10% of Shareholders dissenting to the Arrangement.

(g) None of the consents, waivers, orders or approvals contemplated herein will contain conditions or require undertakings considered unsatisfactory or unacceptable by the Company.

(h) The Arrangement Agreement has not been terminated as provided for therein.

Management of the Company believes that all consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained prior to the Effective Date in the ordinary course and upon application therefor.

Upon fulfillment of the foregoing conditions, the Board of Directors intends to take such steps and make such filings as may be necessary for the Arrangement to be implemented. The Effective Date will be the date set out in such filings or as otherwise determined by the parties to the Arrangement.

The obligations of each of the Company and SpinCo to complete the transactions contemplated by the Arrangement Agreement are further subject to the condition, which may be waived by any other party without prejudice to its right to rely on any other condition in its favour, that each and every one of the covenants of the other parties thereto to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement will have been duly performed and that, except as affected by the transactions contemplated by the Arrangement Agreement, the representations and warranties of such other parties thereto will be true and correct in all material respects as at such Effective Date, with the same effect as if such representations and warranties had been made at and as of such time, and each such party will have received a certificate, dated the Effective Date, of a senior officer of each of the other parties confirming the same, unless the requirement to furnish such certificate has been waived by the receiving party in writing.

Required Approvals

Shareholder Approval of Arrangement

As provided in the Interim Order, before the Arrangement can be implemented the Arrangement Resolution, with or without variation, must be passed by at least two-thirds of the votes cast with respect thereto by shareholders present at the Meeting either in person or by proxy. Each Common Share carries the right to one vote. A copy of the Arrangement Resolution is attached as Schedule A to this Circular.

The Board of Directors has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement Resolution, and the persons named in the enclosed form of proxy intend to vote FOR such approval at the Meeting unless otherwise directed by the Shareholders appointing them.

At the present time, the sole voting shareholder of SpinCo is, and prior to the implementation of the Arrangement, the sole shareholder will continue to be, the Company, which has approved the Arrangement.

Court Approval of Arrangement

The BCBCA requires that the Company obtain court approval to proceed with the Arrangement. Prior to the mailing of this Circular, the Company obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters related thereto. A copy of the Interim Order is attached to this Circular as Schedule C. The Notice of Hearing for the Final Order is attached as Schedule D.

As provided in the Notice of Hearing, the hearing in respect of the Final Order is scheduled to take place on May 30, 2016, before the Court, subject to Shareholder approval of the Arrangement at the Meeting. At this hearing, all Shareholders who wish to participate or be represented or present evidence or argument may do so, subject to filing a notice of appearance and satisfying other requirements. A Shareholder wishing to appear before the Court should seek legal advice.

The Court has broad discretion under the BCBCA when making orders in respect of the Arrangement and the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit.

Exchange Approval of Arrangement

The Exchange may require approval or notification of the Arrangement and the listing of the New Common Shares. In this regard, the Company intends to apply to the Exchange, or to notify the Exchange, regarding the listing of the New Common Shares in place of the existing Common Shares upon implementation of the Arrangement, subject to the fulfillment of the usual requirements of the Exchange. The approval or consent of the Exchange is a condition of the Arrangement proceeding. **As of the date hereof, the Exchange has not provided its approval or consent of the Arrangement or the listing of the New Common Shares**.

Amendment and Termination of the Arrangement Agreement

The Arrangement Agreement provides that it may be amended in a manner not materially prejudicial to the Shareholders by written agreement of the Company and SpinCo before or after the Meeting, but prior to the Effective Date, without further notice to the Shareholders.

The Arrangement Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the Board of Directors without further notice to, or action on the part of, Shareholders.

Without limiting the generality of the foregoing, the Board of Directors may terminate the Arrangement Agreement:

(a) If immediately prior to the Effective Date, Dissenting Shareholders holding 10% or more of the outstanding Common Shares have not abandoned the right of dissent provided for in the Plan of Arrangement.

(b) If prior to the Effective Date there is any material change in the business, operations, property, assets, liabilities or condition, financial or otherwise, of the Company or SpinCo, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the Board of Directors determines in its sole judgment that it would be inadvisable in such circumstances for the Company to proceed with the Arrangement.

Failure to Complete Arrangement

In the event the Arrangement Resolution is not passed by Shareholders, the Court does not approve the Arrangement or the Arrangement does not proceed for some other reason, all working capital will remain with the Company and the Company will carry on business as it is currently carried on. In such event SpinCo will likely remain a dormant company.

Delivery of Share Certificates

The share certificates or direct registration statements ("**DRSs**") currently representing the Common Shares will continue to represent the New Common Shares upon completion of the Arrangement. If the Arrangement is completed on or about June 6, 2016. SpinCo will mail to Shareholders of record on or about the Effective Date the shares certificates or DRSs, as applicable, representing the SpinCo Common Shares which the Shareholders are entitled to receive under the Arrangement.

U.S. Securities Laws

Under existing interpretations of the SEC's Division of Corporation Finance, the proposed issuances of New Common Shares and Class 1 Reorganization Shares and SpinCo Common Shares to the Shareholders are considered to be "offers" or "sales" of securities. The Company and SpinCo therefore seek to rely upon the securities registration exemption set forth in Section 3(a)(10) of the 1933 Act with respect to the various issuances of securities in the Arrangement. The consequences to Shareholders are set out below.

In the event that the Arrangement is completed, the resulting issuance of New Common Shares, Class 1 Reorganization Shares and SpinCo Common Shares to Shareholders will not be registered under the 1933 Act or the securities laws of any state of the United States, but will instead be effected in reliance on the registration exemption provided by Section 3(a)(10) of the 1933 Act and exemptions provided under applicable state securities laws.

New Common Shares, Class 1 Reorganization Shares and SpinCo Common Shares received by a Shareholder who is an "affiliate" of the Company or SpinCo after the Arrangement will be subject to

certain resale restrictions imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. Typically, persons who are executive officers, directors or shareholders owning 10% or more of an issuer are considered to be its "affiliates."

With respect to New Common Shares issued to Shareholders upon completion of the Arrangement, persons who are not affiliates of the Company prior to the Arrangement and who are not affiliates of the Company after the Arrangement may, subject to applicable Canadian requirements, resell such securities without restriction under the 1933 Act. The same is true with respect to SpinCo Common Shares and persons who are not affiliates of SpinCo prior to the Arrangement and with respect to SpinCo Common Shares and persons who are not affiliates of SpinCo after the Arrangement.

Persons who are affiliates of the Company or SpinCo after the Arrangement may not, as to their respective affiliated issuer(s), resell their New Common Shares and/or SpinCo Common Shares in the United States absence of registration under the 1933 Act, unless, as discussed below, registration is not required pursuant to the exclusion from registration provided by Regulation S under the 1933 Act.

Subject to applicable Canadian requirements and the following described U.S. imposed limitations, all holders of New Common Shares and SpinCo Common Shares may immediately resell such securities outside the United States without registration under the 1933 Act pursuant to Regulation S thereunder.

Holders of New Common Shares who are not affiliates of the Company, or who are affiliates of the Company solely by virtue of serving as an officer or director of the Company, may, under the securities laws of the United States, resell their New Common Shares in an "offshore transaction" within the meaning of Regulation S (which would include a sale through the Exchange that is not pre-arranged with a United States buyer) if neither the seller nor any person acting on the seller's behalf engages in "directed selling efforts" in the United States and, in the case of a person who is an affiliate of the Company solely by virtue of serving as an officer or director, no selling commission, fee or other remuneration is paid in connection with such offer or sale other than a usual and customary broker's commission. The same is true with respect to SpinCo Common Shares and persons who are affiliates of SpinCo after the Arrangement.

For purposes of Regulation S, an "offshore transaction" is a transaction that meets the following requirements: (i) the offer is not made to a person in the United States; (ii) either (A) at the time the buy order is originated, the buyer is outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer is outside the United States, or (B) the transaction is executed in, on or through the facilities of a designated offshore securities market (which would currently include the Exchange) and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States; and (iii) offers and sales are not specifically targeted at identifiable groups of U.S. citizens abroad. However, should the common shares of the Company or SpinCo not be listed on the Exchange, then it would be difficult for U.S. holders to sell such issuer's respective securities in an "offshore transaction" within the meaning of Regulation S. While the Company intends to apply to the Exchange for the listing of the New Common Shares upon completion of the Arrangement, and believe that such listing will be obtained in the ordinary course, there can be no assurance that such a listing will be obtained or that it will be maintained.

For purposes of Regulation S "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the resale transaction.

Certain additional Regulation S restrictions are applicable (i) to a holder of the Company's or SpinCo's securities who will be an affiliate thereof other than by virtue of his or her status as an officer or director, or (ii) if such issuer does not qualify as a "foreign issuer" as defined in Regulation S at the time of sale. Although upon completion of the Arrangement each of the Company and SpinCo will qualify as a "foreign issuer," and management anticipates that each will remain as such for the foreseeable future, there can be no guarantee that one or both will always remain "foreign issuers" as defined in Regulation S.

The exemption provided by Section 3(a)(10) of the 1933 Act will not be available for the issuance of shares upon exercise of warrants or options (which is not contemplated by the Arrangement) issued by either the Company or SpinCo. As a result such warrants and options may not be exercised by or on behalf of a person in the United States, and the shares issuable upon exercise thereof may not be offered or sold in the United States unless an exemption from the registration requirements under the 1933 Act and the securities laws of all applicable states of the United States is available for such exercise and resale. Subject to applicable Canadian requirements, holders of shares issued upon exercise of any such options or warrants may also resell such shares under SEC Regulation S, as discussed above.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the New Common Shares and SpinCo Common Shares received upon completion of the Arrangement. Holders of such securities may be subject to additional restrictions, including, but not limited to, restrictions under written contracts, agreements or instruments to which they are parties or are otherwise subject, and restrictions under applicable United States state securities laws. All holders of the Company's and SpinCo's securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

This solicitation of proxies is not subject to the requirements of Section 14(a) of the United States *Securities Exchange Act of 1934*. Accordingly, this Circular has been prepared in accordance with the disclosure requirements of Canadian law. Such requirements are different than those of the United States applicable to registration statements under the 1933 Act and proxy statements under the United States *Securities Exchange Act of 1934*. The financial statements included herein have been prepared in accordance with IFRS, are subject to Canadian auditing and auditor-independence standards, and may not be comparable in all respects to financial statements of United States companies.

The securities to be issued in connection with the Arrangement have not been approved or disapproved by the United States Securities and Exchange Commission or securities regulatory authorities of any state of the United States, nor has the United States Securities and Exchange Commission or securities regulatory authority of any state in the United States passed on the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offence.

Any Common Shares issued to a Shareholder as a result of the exercise by such holder of a warrant, option and/or other security convertible to Common Shares will only entitle the Shareholder to vote such shares in the Meeting if such Common Shares are registered in the name of the Shareholder by and on the Record Date or if such Shareholder is otherwise the Beneficial Shareholder of such Common Shares by and on the Record Date.

Stock Exchange Listing

The Common Shares are currently listed on the Exchange. The Arrangement will not be implemented unless the New Common Shares are listed on the Exchange in place of the existing Common Shares or the listing of the New Common Shares in place of the existing Common Shares is conditionally approved by the Exchange. The Company intends to apply to the Exchange for approval or consent to the listing of the New Common Shares. The SpinCo Common Shares will not be listed upon any stock exchange upon completion of the Arrangement. **As of the date hereof, the Exchange has not provided its approval or consent of the Arrangement or the listing of the New Common Shares**.

Canadian Federal Income Tax Considerations related to the Arrangement for Shareholders

The following is a general summary of the principal Canadian federal income tax considerations relating to the Arrangement generally applicable to Shareholders who, for purposes of the ITA and at all relevant times: (a) are not exempt from Canadian federal income tax; (b) hold their Common Shares as capital property and will hold their New Common Shares and SpinCo Common Shares as capital property; (c) are not affiliated with the Company or SpinCo; (d) deal at arm's length with the Company and SpinCo; and (e) immediately after the completion of the Arrangement will not, either alone or together with persons with whom they do not deal at arm's length, and persons with whom they do not deal at arm's length will not, either control SpinCo, or beneficially own shares of SpinCo, which have a fair market value in excess of 50% of the fair market value of all the outstanding shares of SpinCo (a "**Holder**"). Any and all tax information provided in this Circular is for reference purposes only; readers should consult their own independent tax advisor to ascertain the tax effects of the Arrangement.

Common Shares, New Common Shares and SpinCo Common Shares, will generally be considered to be capital property to a Holder thereof, unless such securities are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada and who might not otherwise be considered to hold their Common Shares, New Common Shares and SpinCo Common Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the ITA to have such shares, and every other "Canadian security" as defined in the ITA, owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any person contemplating making a subsection 39(4) election should first consult their tax advisor for advice as the making of such election will affect the income tax treatment of the person's disposition of other Canadian securities.

This summary is not applicable to a Holder: (i) that is a "financial institution" for the purposes of the "mark-to-market property" rules contained in the ITA; (ii) that is a "specified financial institution" as defined in the ITA; (iii) of an interest which is a "tax shelter investment" as defined in the ITA; (iv) who has acquired Common Shares, or who acquires New Common Shares or SpinCo Common Shares upon the exercise of an employee stock option; or (v) that is a taxpayer whose "functional currency" for the purposes of the ITA is the currency of a country other than Canada.

This summary is based upon the provisions of the ITA, the regulations thereunder (the "**Regulations**"), and administrative and assessing policies of the Canada Revenue Agency (the "**CRA**"). This summary does not take into account all specific proposals to amend the ITA and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof, and makes no assumption as to whether or not all Proposed Amendments will be enacted in their present form.

Depending on the final form of the Proposed Amendments at the time of their enactment, the tax consequences may not be as described in this Circular all cases or at all. This summary does not take into account or anticipate any other changes in law or administrative or assessing practice, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed herein. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary and any other tax summary or disclosure in this Circular is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. No representation with respect to the Canadian federal income tax consequences to any particular Shareholder is made herein. Particular tax provisions actually applicable to a Shareholder may be completely different from those that have been mentioned for reference herein, and some or all of such referential information may be outdated by the Effective Time of the Arrangement or at any other time. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.

Holders Resident in Canada

This part of the summary applies generally to a Holder who, at all material times, is or is deemed to be resident in Canada for the purposes of the ITA (a "**Resident Holder**").

Exchange of Common Shares for New Common Shares and Reorganization Shares

A Resident Holder who exchanges Common Shares for Class 1 Reorganization Shares and New Common Shares under the Arrangement will be deemed to dispose of the Common Shares for proceeds of disposition equal to the adjusted cost base to the Holder of such Common Shares and to acquire the Class 1 Reorganization Shares and New Common Shares at an aggregate cost equal to such adjusted cost base. Accordingly, no capital gain or loss will be realized by a Resident Holder on such exchange.

The aggregate cost of the Class 1 Reorganization Shares and the New Common Shares must be allocated between such shares in proportion to the relative fair market value of such shares immediately after the exchange (the "**Proportionate Allocation**"). The Company advises that the Class 1 Reorganization Shares will have an aggregate fixed redemption value of $1,001 and that it is reasonable to consider that the fair market value of the Class 1 Reorganization Shares will be equal to the aggregate redemption value of such shares, being $1,001. The New Common Shares will have an aggregate fair market value equal to the aggregate fair market value of the Common Shares immediately before the Arrangement less the aggregate fair market value of the Class 1 Reorganization Shares. This allocation is not binding on the CRA. The fair market value of the Class 1 Reorganization Shares and the New Common Shares is a question of fact to be determined having regard to all of the relevant circumstances and the Company is not qualified to express, and does not express, any opinion as to value.

Exchange of Class 1 Reorganization Shares for SpinCo Common Shares

Unless a Resident Holder chooses to recognize a capital gain or capital loss on the exchange of its Class 1 Reorganization Shares for SpinCo Common Shares pursuant to the Arrangement, the Resident Holder

will be deemed to dispose of the Class 1 Reorganization Shares for proceeds of disposition equal to the adjusted cost base of such shares to the Holder immediately before the exchange, and to have acquired the SpinCo Common Shares at an aggregate cost equal to such adjusted cost base. Accordingly, no capital gain or loss may be realized by the Resident Holder on such exchange.

A Resident Holder may choose to recognize a capital gain (or capital loss) on the exchange of Class 1 Reorganization Shares for SpinCo Common Shares by including all or any portion of the capital gain (or capital loss) otherwise determined in the Holder's income in the Holder's return of income for the Holder's taxation year in which the exchange occurs. Where a Resident Holder chooses to recognize a capital gain (or capital loss) on the exchange, the Holder will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the SpinCo Common Shares received on the exchange exceeds (or is exceeded by) the adjusted cost base to the Holder of the Class 1 Reorganization Shares so exchanged and the Holder will acquire the SpinCo Common Shares at an aggregate cost equal to the fair market value thereof. See "*Taxation of Capital Gains and Losses*" below for a general description of the treatment of capital gains and losses under the ITA.

Eligibility for Investment

Shareholders should consult with each of their respective tax advisors to ascertain whether the New Common Shares, SpinCo Common Shares, and/or the Class 1 Reorganization Shares will be qualified investments for the purposes of a registered retirement savings plan (a "RRSP"), registered retirement income fund (a "RRIF"), deferred profit sharing plan, registered education savings plan, registered disability savings plan and a tax-free savings account.

Dissenting Resident Holders

A Resident Holder who dissents in respect of the Arrangement (a "**Resident Dissenter**") and who is entitled to receive payment from the Company equal to the fair value of the Resident Dissenter's Common Shares will be considered to have disposed of the Common Shares for proceeds of disposition equal to the amount received by the Resident Dissenter, less the amount of any interest awarded by a court, as the case may be. A Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares, and such deemed dividend will reduce the proceeds of disposition for purposes of computing a capital gain (or a capital loss) on the disposition of such Common Shares. The tax treatment accorded to any deemed dividend is discussed below under the heading, "*Holders Resident in Canada —Dividends on New Common Shares and SpinCo Common Shares*".

A Resident Dissenter will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such Common Shares, as reduced by the amount of any deemed dividend as discussed above and net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares immediately before the disposition. The tax treatment of capital gains and capital losses (including the potential reduction of a capital loss due to the receipt of a deemed dividend) is discussed below under the heading, "*Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Interest awarded by a court to a Resident Dissenter will be included in the Resident Dissenter's income for a particular taxation year to the extent the amount is received or receivable in that year, depending upon the method regularly followed by the Resident Dissenter in computing income. Where the Resident Dissenter is a corporation, partnership or, subject to certain exceptions, a trust, the Resident

Dissenter may have to include in income for a taxation year the amount of interest that accrues to it before the end of the taxation year, or becomes receivable or is received before the end of the year (to the extent not included in income for a preceding taxation year). Resident Dissenters who are contemplating exercising their dissent rights should consult their own tax advisors.

Dividends on New Common Shares and SpinCo Common Shares

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on New Common Shares and SpinCo Common Shares will be included in computing the individual's income and will be subject to gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Company or SpinCo, as the case may be, as an "eligible dividend" in accordance with the ITA.

In the case of a Resident Holder that is a corporation, dividends received or deemed to be received on New Common Shares and SpinCo Common Shares will be included in computing the corporation's income and will generally be deductible in computing its taxable income. A "private corporation" (as defined in the ITA) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the ITA to pay a refundable tax of 33⅓% on dividends received or deemed to be received on shares of the Company or SpinCo to the extent that such dividends are deductible in computing the corporation's taxable income.

Disposition of New Common Shares and SpinCo Common Shares

The disposition or deemed disposition of New Common Shares and SpinCo Common Shares by a Resident Holder will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of those shares immediately before the disposition. See "*Holders Resident in Canada—Taxation of Capital Gains and Losses*" below for a general description of the tax treatment of capital gains and losses under the ITA.

Taxation of Capital Gains and Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year will be included in the Holder's income for the year. One-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a year will be required to be deducted against taxable capital gains realized in the year. Any excess of allowable capital losses over taxable capital gains in a taxation year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, to the extent and in the circumstances specified in the ITA.

The amount of any capital loss arising on the disposition or deemed disposition of a New Common Share or SpinCo Common Share by a Resident Holder that is a corporation may be reduced by the amount of certain dividends received or deemed to have been received by it on such shares to the extent and under circumstances prescribed by the ITA. Similar rules may apply where the corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a trust or partnership of which the corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares.

Alternative Minimum Tax on Individuals

A capital gain realized, or a dividend received, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability for alternative minimum tax under the ITA.

Additional Refundable Tax on Canadian-Controlled Private Corporations

A Resident Holder that is a "Canadian-controlled private corporation" as defined in the ITA may be required to pay an additional 6⅔% refundable tax on certain investment income, including certain amounts in respect of net taxable capital gains, dividends, deemed dividends and interest.

Holders Not Resident in Canada

The following portion of this summary is applicable to a Holder who: (i) has not been, is not, and will not be resident or deemed to be resident in Canada for purposes of the ITA; and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Common Shares, New Common Shares or SpinCo Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non- Resident Holder that is an insurer carrying on business in Canada and elsewhere. All Non-Resident Holders should consult their own tax advisors.

Exchange of Common Shares for New Common Shares and Class 1 Reorganization Shares

The discussion above, applicable to Resident Holders under the headings "*Holders Resident in Canada — Exchange of Common Shares for New Common Shares and Class 1 Reorganization Shares*" and "*Exchange of Class 1 Reorganization Shares for SpinCo Common Shares*" may also apply to a Non-Resident Holder. The tax treatment of a capital gain or a capital loss realized by a Non-Resident Holder is described generally below under the heading "*Holders Not Resident in Canada — Taxation of Capital Gains and Losses*".

Taxation of Capital Gains and Capital Losses

A Non-Resident Holder will not be subject to tax under the ITA in respect of any capital gain arising on a disposition or deemed disposition of New Common Shares or SpinCo Common Shares, unless, at the time of disposition, such shares constitute "taxable Canadian property" of the Non-Resident Holder within the meaning of the ITA and the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Generally, a New Common Share or a SpinCo Common Share, as the case may be, will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that such share is listed on a designated stock exchange (which currently includes the Exchange, the TSX and the TSX Venture Exchange) unless, at any particular time during the 60-month period immediately preceding the disposition (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of the Company or SpinCo, as the case may be; and (ii) more than 50% of the fair market value of the particular share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" as defined in the ITA, "timber resource property" as defined in the ITA, or options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property

exists). Notwithstanding the foregoing, in certain circumstances set out in the ITA, New Common Shares or SpinCo Common Shares could be deemed to be taxable Canadian property to the Non-Resident Holder.

Even if a New Common Share or a SpinCo Common Share is taxable Canadian property to a Non-Resident Holder, any gain realized on a disposition of such share may be exempt from tax under the ITA pursuant to the provisions of an applicable income tax convention between Canada and the country in which such Non-Resident Holder is resident.

In the event a New Common Share or a SpinCo Common Share is taxable Canadian property to a Non-Resident Holder at the time of disposition and the capital gain realized on the disposition of such share is not exempt from tax under the ITA pursuant to the provisions of an applicable income tax convention then the tax consequences described above under "*Holders Resident in Canada — Disposition of New Common Shares and SpinCo Common Shares" and "Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*" may generally apply. Non-Resident Holders should consult their own tax advisors with respect to the Canadian tax consequences of disposing of such shares.

Dividends on New Common Shares and SpinCo Common Shares

Dividends paid or credited or deemed under the ITA to be paid or credited to a Non-Resident Holder on New Common Shares or SpinCo Common Shares may be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention.

Dissenting Non-resident Holders

A Non-Resident Holder who dissents in respect of the Arrangement (a "**Non-Resident Dissenter**") will be entitled to receive a payment from the Company equal the fair value of such Non-Resident Dissenter's Common Shares and will be considered to have disposed of such shares for proceeds of disposition equal to the amount received by the Non-Resident Dissenter, less the amount of any interest awarded by a court (if applicable). A Non-Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares and such deemed dividend will reduce the proceeds of disposition for purposes of computing a capital gain (or a capital loss) on the disposition of such Common Shares. The deemed dividend will be subject to Canadian withholding tax as described above under "*Holders Not Resident in Canada — Dividends on New Common Share and SpinCo Common Shares*".

A Non-Resident Dissenter will also realize a capital gain to the extent that the proceeds of disposition for such shares, as reduced by the amount of any deemed dividend as discussed above, and net of any reasonable costs of disposition, exceed the adjusted cost base of such Common Shares immediately before the disposition. A Non-Resident Dissenter generally will not be subject to income tax under the ITA in respect of any such capital gain provided such shares do not constitute taxable Canadian property of the Non-Resident Dissenter as described above under "*Holders Not Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Any interest paid to a Non-Resident Dissenter upon the exercise of dissent rights may or may not be subject to Canadian withholding tax.

Non-Resident Dissenters should consult their own tax advisors with respect to the Canadian tax consequences.

No U.S. Legal Opinion or IRS Ruling

No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Arrangement's U.S. tax implications.

No CRA ruling

No CRA ruling has been obtained or sought from the CRA by the Company in relation to the Canadian tax consequences of the Arrangement.

RIGHTS OF DISSENT

The following description of the rights of registered Shareholders to dissent and being paid fair value for their Common Shares is not a comprehensive statement of the procedures to be followed by a registered Shareholder and is qualified in its entirety by the reference to the full text of the Interim Order and Sections 237 to 247 of the BCBCA, copies of which are attached to this Circular as Schedule C and Schedule E, respectively. **A registered Shareholder who intends to exercise a right of dissent should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Interim Order, and should seek independent legal advice**. Failure to comply with the provisions of those sections, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder. The Court on hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

A Shareholder who intends to exercise its right of dissent must deliver a written objection to the Arrangement Resolution (a "**Dissent Notice**") to the registered office of the Company at Suite 605-815 Hornby St., Vancouver, BC, V6Z 2E6, to be actually received by no later than 2:00 p.m. (Vancouver time) on May 18, 2016, and must not vote any Common Shares it holds in favour of the Arrangement Resolution. A Beneficial Shareholder who wishes to exercise its rights of dissent must arrange for the registered Shareholder holding its Common Shares to deliver the Dissent Notice. The Dissent Notice must contain all of the information specified in the Interim Order.

If the Arrangement Resolution is passed at the Meeting, the Company must send by registered mail to every Dissenting Shareholder, prior to the date set for the hearing of the Final Order, a notice (a "**Notice of Intention**") stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, the Company intends to complete the Arrangement, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with its exercise of its rights of dissent it must deliver to the Company, within 14 days of the mailing of the Notice of Intention, a written statement containing the information specified by the Interim Order, together with the certificates representing the Common Shares it holds.

A Dissenting Shareholder delivering such a written statement may not withdraw from its dissent and, at the Effective Date, will be deemed to have transferred to the Company all of the Common Shares it

holds. The Company will pay to each Dissenting Shareholder the amount agreed between the Company and the Dissenting Shareholder for its Common Shares. Either the Company or a Dissenting Shareholder may apply to the Court if no agreement on the terms of the sale of the Common Shares held by the Dissenting Shareholder has been reached and the Court may:

(a) determine the fair value that the Common Shares had immediately before the passing of the Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the Arrangement unless exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the Registrar, or a referee of the court;

(b) join in the application each other Dissenting Shareholder which has not reached an agreement for the sale of its Common Shares to the Company; and

(c) make consequential orders and give directions it considers appropriate.

If a Dissenting Shareholder fails to strictly comply with the requirements of its rights of dissent set out in the Interim Order, it will lose such rights, the Company will return to the Dissenting Shareholder the certificates representing the Common Shares that were delivered to the Company, if any, and, if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as other Shareholders who did not exercise their rights of dissent.

If a Dissenting Shareholder strictly complies with the foregoing requirements but the Arrangement is not completed, then the Company will return to the Dissenting Shareholder the certificates delivered to the Company, if any, pursuant to its rights of dissent.

INFORMATION CONCERNING THE COMPANY

The Company was incorporated under the laws of the province of British Columbia on September 12, 2005. The Company's head office and registered and records office is located at Suite 605-815 Hornby St., Vancouver, BC, V6Z 2E6.

The Company's primary business is the research and development of technologies and supplements related to fibrosis, erectile dysfunction and immune boosting. The Company also holds a 100% interest in the Asset Purchase Agreement, which it intends to transfer to SpinCo pursuant to the Arrangement.

As at the date hereof, the Company has one wholly-owned subsidiary, which is SpinCo, a private British Columbia corporation that was incorporated to facilitate the Arrangement. Currently the Company holds the only issued and outstanding SpinCo Common Share which it expects to return to treasury for no consideration on the effective date of the Arrangement. SpinCo was incorporated on March 6, 2016.

After completion of the Arrangement, the Company will continue with the development and commercialization of its biotechnology business focused on early stage immune boosting herbal supplements.

Description of the Business

Early stage immune boosting herbal supplements

On March 4, 2016 the Company entered into a joint venture agreement with Truevita, pursuant to which the two companies will be equal partners in the development of Truevita's early stage immune boosting herbal supplement, BP120, which is aimed at the treatment of immune deficiency and high blood pressure caused by hypertension. In consideration for entering into the joint venture, the Company issued 300,000 Common Shares (prior to the consolidation of the Common Shares on March 11, 2016) to Truevita's nominee. There is no assurance that BP120 will be successfully developed and/or commercialized.

Selected Financial Information

Annual Information

The following is a summary of certain selected financial information of the Company for the last three financial years which is qualified by the more detailed information appearing in the Company's financial statements, which are filed on SEDAR and available for review at www.sedar.com.

	Year Ended December 31, 2015 (audited) ($)	**Year Ended December 31, 2014 (audited) ($)**	**Year Ended December 31, 2013 (audited) ($)**
Total revenues	0	0	0
Loss before discontinued operations and extraordinary items	179,696	(693,645)	(740,846)
Basic and diluted loss per share	0.13	(0.56)	(0.90)
Total Assets	14,697	67,315	287,044
Current Liabilities	624,106	943,076	727,188
Total Long Term Debt	Nil	Nil.	Nil.
Cash Dividends	Nil	Nil.	Nil

Quarterly Information

The following is a summary of certain selected unaudited financial information of the Company for the eight most recently completed quarters which is qualified by the more detailed information appearing in the Company's financial statements, which are filed on SEDAR and available for review at

www.sedar.com. Information for quarters which end on the Company's year-end do not appear on this table (please refer to the annual financial information above).

	Quarter Ended Nine month period ended September 30, 2015 (unaudited) **($)**	**Quarter Ended** Six month period ended June 30, 2015 (unaudited) **($)**	**Quarter Ended** Three month period ended March 31, 2015 (unaudited) **($)**	**Quarter Ended** Nine month period ended September 30, 2014 (unaudited) **($)**
Revenue	0	0	0	0
Net income (Net loss)	$213,329	(100,306)	(113,905)	(135,545)
Income (Loss) per share, basic and diluted	0.010 (basic) 0.007 (diluted)	(0.003)	(0.003)	(0.00)

	Quarter Ended Six month period ended June 30, 2014 (unaudited) **($)**	**Quarter Ended** Three month period ended March 31, 2014 (unaudited) **($)**	**Quarter Ended** Nine month periods ended September 30, 2013 (unaudited) **($)**	**Quarter Ended** Six month periods ended June 30, 2013 (unaudited) **($)**
Revenue	0	0	0	0
(Net loss)	(149,592)	(174,225)	(104,895)	(152,648)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)

Dividend Policy

The Company has paid no dividends since its inception. At the present time, the Company intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of the Company and on such other factors as the Board of Directors may consider appropriate. However, since the Company is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

Management's Discussion and Analysis

Management's discussion and analysis of its financial position and results of operations for the fiscal year ended December 31, 2015 and the interim period ended September 30, 2015 have been filed on SEDAR and are available for review at www.sedar.com.

Management's discussion and analysis should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2015 and the Company's unaudited interim financial statements and the notes thereto for the interim period ended September 30, 2015. These financial statements have also been filed on SEDAR and are available for review at www.sedar.com.

Directors and Officers

The directors and officers of the Company elected at the Meeting will continue to be the directors and officers of the Company upon completion of the Arrangement. For further information, see "*Annual Meeting Business - Election of Directors*".

Below is additional information on the Company's directors to be presented for election.

Brian Gusko

He has extensive international business experience having worked for telcom and Information Technology firms in Canada, Japan, Holland, and South Africa. He is a partner at Howe & Bay, and has approximately 10 years of experience in capital markets. He worked as CFO of a couple of public companies and has extensive Board and Audit Committee experience. It is expected that independent directors such as Christine Mah and Brian Gusko will average around 15% of their time to the Company.

Christine Mah

Ms. Mah is an experienced professional holding a marketing diploma from British Columbia Institute of Technology. Ms. Mah has spent 10 years working with reporting companies assisting with office management, office system implementation, book keeping and administration services. Her corporate experience has ranged from industries such as communications, technology, consumer goods, culinary. Ms. Mah has had experience relevant to audit committees by actively participating in the yearly audits of Evolving Gold Corp. It is expected that independent directors such as Christine Mah and Brian Gusko will average around 15% of their time to the Company.

Robert Horsley

Mr. Horsley has over 10 years of public markets experience focused in finance, investor relations, marketing management, and merger and acquisitions. Mr. Horsley has served as a director and a consultant to several public and private companies, and has worked in a variety of industries including consumer goods, energy, mining, oil and gas, nutraceuticals and pharmaceuticals, and technology.

None of the directors or officers have entered into a non-competition, non-solicitation or non-disclosure agreement with the Company.

Description of Share Capital

Upon completion of the Arrangement the authorized capital of the Company will consist of an unlimited number of Common Shares, an unlimited number of New Common Shares, an unlimited number of Class 1 Reorganization Shares and an unlimited number of (Class B) preferred shares.

The New Common Shares will the same rights as the Common Shares. The rights associated with Common Shares are fully descried in the articles of the Company posted on October 21, 2011 on the Company's SEDAR profile and available for review at www.sedar.com.

Class 1 Reorganization Shares will have the following special rights and restrictions:

(a) Non-voting. The holders of the Class 1 Reorganization Shares are not, as such, entitled to receive notice of or to attend or to vote at any general meetings of the shareholders of the Company.

(b) No dividends. No dividend shall be declared or paid at any time on the Class 1 Reorganization Shares.

(c) Redemption Amount. The "**Redemption Amount**" of each Class 1 Reorganization share will be $1,001 divided by the number of Class 1 Reorganization shares issued and outstanding on the effective date of the arrangement as contemplated in the Arrangement Agreement between the Company and Spinco, payable in cash, promissory note, assets with a deemed value as determined by the board of directors of the Company, or any combination thereof.

(d) Redemption Price. The "**Redemption Price**" for each Class 1 Reorganization Share shall be the Redemption Amount thereof.

(e) Redeemable. The Company may at any time redeem any Class 1 Reorganization Share in accordance with the rules and procedures in the Arrangement Agreement by paying to the holder thereof the Redemption Price thereof.

(f) Limited preferred entitlement on dissolution. In the event of a liquidation or dissolution of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, the holders of the Class 1 Reorganization Shares will be entitled, before any distribution or payment of any amounts due to holders of the Pre-Arrangement Common shares, Common shares and Preferred shares as provided for in the Arrangement Agreement, to receive the Redemption Price for each Class 1 Reorganization Share held, and after such payment will not as such be entitled to participate in any further distribution of property or assets of the Company.

Pursuant to the Arrangement, in summary, (1) one New Common Share and one Class 1 Reorganization Share will be issued for each Common Share currently held by Shareholders who were also holders of Common Shares on the Share Distribution Date with the number of Class 1 Reorganization Shares equal to the number of Common Shares held by such holders on the Share Distribution Record Date, (2) Shareholders who did not hold any Common Shares on the Share Distribution Date will ultimately hold only New Common Shares equal, and (3) former Shareholders who no longer have any shares of the Company but who had Common Shares in the Company on the Share Distribution Date will only receive such number of Class 1 Reorganization Shares (and ultimately such number of SpinCo Common ShareS) equal to the number of Common Shares that they held on the Share Distribution Date . Immediately upon completion of the Arrangement there will be the same number of New Common Shares outstanding as the number of Common Shares that were previously outstanding prior to completion of the Arrangement.

The Common Shares and preferred shares of the Company (of which none are issued and outstanding) will continue to have their respective rights and restrictions, if any, as previously given to such shares and fully descried in the articles of the Company posted on October 21, 2011 on the Company's SEDAR profile and available for review at www.sedar.com.

Options to Purchase Shares

Option Plan Summary

The Option Plan is a "rolling" stock option plan, which makes a maximum of 10% of the issued and outstanding Common Shares available for issuance thereunder. The Option Plan was approved by Shareholders at the Company's last annual general meeting and Shareholders are being asked to re-approve the plan, which is identical to the previously approved plan.

The purpose of the Option Plan is to provide directors, officers and key employees of, and certain other persons who provide services to, the Company with an opportunity to purchase Common Shares of the Company at a specific price, and subsequently benefit from any appreciation in the value of the Common Shares. This provides an incentive for such persons to contribute to the future success of the Company and enhances the ability of the Company to attract and retain skilled and motivated individuals, thereby increasing the value of the Common Shares for the benefit of all Shareholders.

The exercise price of stock options granted under the Option Plan will be determined by the Board and will be priced in accordance with the policies of the Exchange, and will not be less than the closing price of the Common Shares on the Exchange on the date prior to the date of grant less any allowable discounts. All options granted under the Option Plan will have a maximum term of five years, and are non-assignable and non-transferable.

The Option Plan provides that it is solely within the discretion of the Board of Directors to determine who should receive options and how many they should receive. The Board may issue a majority of the options to insiders of the Company. However, the Option Plan provides that in no case will the Option Plan or any existing share compensation arrangement of the Company result, at any time, in the issuance to any option holder, within a one year period, of a number of Common Shares exceeding 5% of the Company's issued and outstanding Common Share capital.

Key Details of the Plan:

(a) The aggregate number of Shares reserved for issuance under the Option Plan must not exceed 10% of outstanding Shares (on a non-diluted basis). The Shares in respect of which Options are not exercised shall be available for subsequent Option grants. No fractional shares may be purchased or issued thereunder;

(b) the aggregate number of Shares reserved for issuance under the Option Plan and granted to any one person within a 12 month period may not exceed 5% of the outstanding Shares;

(c) the issuance of Shares to insiders pursuant to the Option Plan within a 12 month period may not exceed 10% of the outstanding Shares;

(d) the issuance of Shares to any one insider and such insider's associates pursuant to the Option Plan within a 12 month period may not exceed 10% of the outstanding Shares;

(e) the issuance of Shares to any one consultant pursuant to the Option Plan within a one year period may not exceed 2% of the outstanding Shares.

In the event of a participant ceasing to be a director, officer or employee of the Company or a subsidiary of the Company for any reason other than death, including the resignation or retirement of the participant as a director, officer or employee of the Company or the termination by the Company of the employment of the participant, prior to the expiry time of an Option, such Option, if vested, shall cease and terminate on the Ninetieth (90th) day following the effective date of such resignation or termination. In the event of the death of a participant on or prior to the expiry time of an Option, such Option, if vested, may be exercised as to such of the Shares in respect of which such Option has not previously been exercised (including in respect of the right to purchase Shares not otherwise vested at such time), by the legal personal representatives of the participant at any time up to and including (but not after) a date one year following the date of death of the participant provided that the Board may extend the date of termination for a period ending up to twelve (12) months from the date of death of the participant or the expiry time of such Option, whichever occurs first.

Pursuant to the Option Plan, the Company can, at any time, have a number of Options outstanding equal to up to 10% of the then outstanding number of Shares. In the event of the exercise or cancellation of any Options, the Company could make a further grant of Options, provided that the 10% maximum is not exceeded.

The full text of the Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Company's head office, located at Suite 605-815 Hornby St., Vancouver, BC, V6Z 2E6, and will also be available at the Meeting.

Shareholder approval is not required or sought on a case-by-case basis for the purpose of the granting of options and the exercise of options under the Plan.

As at the date hereof, the Company has an aggregate of zero options to purchase Common Shares outstanding under the Plan. A summary of these options, as they pertain to executive officers, directors, employees (if any), and consultants are as follows:

Category of Optionees	Number	Exercise Price ($)	Expiration Date
Present and past Executive Officers	Nil	Nil	Nil
	Nil	Nil	Nil
Present and past Directors	Nil	Nil	Nil
	Nil	Nil	Nil
Present and past Employees	Nil	Nil	Nil
Consultants	Nil	Nil	Nil
	Nil	Nil	Nil

Prior Sales

The Company issued the following Common Shares within the 12 months prior to the date of this Circular:

On March 20, 2015 the Company closed the second tranche of a non-brokered private placement and issued 66,666 units at $1.50 per unit for cash proceeds of $41,000 (of which $30,000 was received in 2014 and $11,000 received in 2015) and to retire debts totaling $59,000. Each unit is comprised of one Common Share and one share purchase warrant exercisable for one Common Share at an exercise price of $4.50 until March 20, 2016. Each share purchase warrant included was assessed a value of $0.90 based on the residual value method. As such, a total of $60,000 was allocated to warrant reserves.

On May 20, 2015 the Company received $3,600 for the exercise of 4,000 warrants to purchase a Common Share for each warrant exercised at $0.90 per share. The shares were not issued until after December 31, 2015. On exercise, the Company reversed $1,200 out of reserves into shares committed for issuance.

On March 30, 2016 the Company issued 4,855,998 Common Shares at $0.06 per share, of which 766,666 Common Shares were issued for the settlement of debts at a deemed price of $0.06 and the rest of the shares issued for cash at a private placement.

Stock Exchange Price

The Common Shares are listed for trading on the Exchange. The following table sets forth the reported high, low and closing prices and trading volume of the outstanding Common Shares on the Exchange for the periods indicated.

	High	Low	Close	Volume
April 2015	0.90	0.45	0.45	4,609
May 2015	1.20	0.30	.45	94,439
June 2015	0.45	0.15	0.15	115,308
July 2015	0.45	0.15	0.45	13,468
August 2015	0.45	0.15	0.30	12,351
September 2015	0.45	0.15	0.45	15,291
October 2015	0.15	0.15	0.15	1,967
November 2015	0.30	0.15	0.30	1,525
December 2015	0.30	0.15	0.15	17,418
January 2016	0.30	0.15	0.30	4,743
February 2016	0.45	0.30	0.45	3,624
March 2016	0.45	0.01	0.10	155,071
April 1-19, 2016	0.13	0.10	0.13	16,623

Auditors and Registrar and Transfer Agent

The auditors for the Company are Davidson & Company LLP.

The registrar and transfer agent for the Company is Computershare Trust Company of Canada at 510 Burrard Street, 2nd Floor, Vancouver, B.C., V6C 3B9.

Legal Proceedings

The Company is not party to any outstanding legal proceedings, nor are any such proceedings contemplated

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company within the twelve months preceding the date of this Circular and which can be reasonably regarded as material to the Company are as follows:

1. Arrangement Agreement dated April 18, 2016 and the Amended and Restated Arrangement Agreement dated April 21, 2016. See "*The Arrangement*".

Risk Factors

In evaluating the Arrangement, Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Common Shares, the New Common Shares, the SpinCo Common Shares and/or the business of the Company or SpinCo following the Arrangement.

In addition to the risk factors relating to the Arrangement set out below, Shareholders should also carefully consider the risk factors associated with SpinCo included in this Information Circular. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be reevaluated.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of the Company, including receipt of the Final Order and approval of the Exchange. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Common Shares may decline.

The market price for the Common Shares may decline.

If the Arrangement is not approved by the Shareholders, the market price of the Common Shares may decline.

The New Common shares and/or SpinCo Common Shares may not be qualified investments under the ITA for a Registered Plan.

There is no assurance when, or if, the SpinCo Common Shares will be listed on the Exchange or any other designated stock exchange. If the SpinCo Common Shares are not listed on a designated stock exchange in Canada before the due date for SpinCo's first income tax return or if SpinCo does not otherwise satisfy the conditions in the ITA to be a "public corporation", the SpinCo Common Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a SpinCo Common Share in circumstances where the SpinCo Common Share is not a qualified investment under the ITA for the registered plan, adverse tax consequences may arise for the registered plan and the annuitant, beneficiary or holder under the registered plan, including that the registered plan may become subject to penalty taxes, the annuitant of such registered plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked. Furthermore, the New Common Shares may not be qualified investments under the ITA.

Conflicts of Interest

Certain directors and officers of the Company may be or become also directors, officers, or shareholders of other companies that are similarly engaged in the business of researching and developing biotechnology services or products. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or

opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

INFORMATION CONCERNING SPINCO

SpinCo was incorporated under the BCBCA on March 6, 2016. The head office of SpinCo is located at 500 - 666 BURRARD, VANCOUVER, BC, V6C 3P6. The registered and records office of SpinCo is located at 500 - 666 BURRARD, VANCOUVER, BC, V6C 3P6.

The Company currently holds 1 SpinCo Common Share (or 100% of the issued and outstanding SpinCo Common Shares). Upon completion of the Arrangement, the Company anticipates it will return the SpinCo Common Share to treasury for no consideration and the Shareholders will be issued all 1,379,887 SpinCo Common Shares that are expected to be issued and outstanding on the effective date of the Arrangement.

Upon completion of the Arrangement, SpinCo will be a reporting issuer in the Province of British Columbia. After the Effective Date, SpinCo will hold the Asset Purchase Agreement and $1,000 cash as working capital. See "*Description of Business of SpinCo*" below.

Description of Business of SpinCo

SpinCo currently has no assets and is a recently incorporated entity, incorporated solely for the purpose of this Arrangement.

Proposed Transfer of the Asset Purchase Agreement

The Company will transfer the Asset Purchase Agreement and $1,000 cash to SpinCo upon the Effective Date of the Arrangement in consideration for the redemption, by the Company, of the Class 1 Reorganization Shares held by SpinCo. Following the effective date of the Arrangement, SpinCo anticipates it will become a biotech company and commence the research and development of products and technologies aimed at addressing erectile dysfunction and fibrosis.

Available Funds and Principal Purposes for Use

Upon the Effective Date, SpinCo anticipates that it will have approximately $1,000 in funds available, based on $1,000 being transferred from the Company. SpinCo intends to complete a debt or equity financing after the effective date of the Arrangement. The Company anticipates that this amount will cover the anticipated legal, accounting and audit expenses necessary to cover operating expenses over the next 12 months and to cover the initial research and development work program. In the event SpinCo is unable to raise any funds in the proposed financing, SpinCo will be required to delay its research and development initiative.

Directors and Officers

SpinCo anticipates appointing additional directors on or immediately prior to the effective date of the Arrangement to address the requirement to have at least three directors for reporting issuers under the

BCBCA. At this time, neither the Company nor SpinCo has identified which directors may be appointed to such positions.

Share Capital

The authorized capital of SpinCo consists of an unlimited number of SpinCo Common Shares without par value and an unlimited number of (Class B) preferred shares without par value. As of the date hereof, there is one SpinCo Common Share issued and outstanding and no preferred shares outstanding in the capital of SpinCo.

All SpinCo Common Shares, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no preemptive or conversion rights, and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provision as to modifications, amendments or variations of such rights or such provisions are contained in the SpinCo articles and the BCBCA.

Pursuant to the Arrangement, one SpinCo Common Shares will be issued for each Class 1 Reorganization Share acquired in accordance with the SpinCo Reorganization Ratio being 1:1.

Options to Purchase Shares

SpinCo has not implemented an incentive stock option plan and does not have any incentive stock options outstanding at this time.

Dividend Record

SpinCo has paid no dividends since its inception. At the present time, SpinCo intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of SpinCo and on such other factors as the board of directors of SpinCo may consider appropriate. However, since SpinCo is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

Prior Sales

The following table contains details of the prior sales of SpinCo Common Shares within the 12 months prior to the date of this circular.

Date of Issue	Number of SpinCo Common Shares	Price per SpinCo Share ($)
March 6, 2016	1[(1)]	0.01

[(1)] Issued to the Company on the date of incorporation of SpinCo. On or prior to the Effective Date, the Company intends to cancel its share in SpinCo or gift the same to SpinCo's treasury.

Auditors and Registrar and Transfer Agent

The auditors for SpinCo are Davidson & Company LLP.

The registrar and transfer agent for SpinCo is Computershare Trust Company of Canada located at 510 Burrard Street, 2nd floor, Vancouver, B.C. V6C 3B9.

Legal Proceedings

SpinCo is not party to any outstanding legal proceedings, nor are any such proceedings contemplated.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by SpinCo since its incorporation and which can be reasonably regarded as material to SpinCo are as follows:

1. Arrangement Agreement dated April 18, 2016, and the Amended and Restated Arrangement Agreement dated April 21, 2016. See "*The Arrangement*."

RISK FACTORS

An investment in a company such as SpinCo involves a significant degree of risk including, without limitation, the factors set out below.

Requirements for Further Financing

SpinCo presently does not have sufficient financial resources to undertake all of its currently planned activities beyond completion of the Arrangement. In the event that the Arrangement is completed and SpinCo proceeds with its research and development program, SpinCo will need to obtain further financing, whether through debt financing, equity financing or other means. There can be no assurance that SpinCo will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause SpinCo to reduce or terminate its operations.

SpinCo Common Shares may not list on any stock exchange or quotation system

There is currently no plans for SpinCo to list the SpinCo Common shares on any stock exchange or quotation system, and this may adversely affect the liquidity and hence the opportunity for its holders to sell such shares.

The SpinCo Common Shares may not be qualified investments under the ITA for a Registered Plan

An application for listing of the SpinCo on any stock exchange will not be made on the Effective Date. As a result, there is no assurance when, or if, the SpinCo Common Shares will be listed on any stock exchange. If the SpinCo Common Shares are not listed on a designated stock exchange in Canada before the due date for SpinCo's first income tax return or if SpinCo does not otherwise satisfy the conditions in the ITA to be a "public corporation", the SpinCo Common Shares will not be considered to be a qualified investment for a registered plan from their date of issue. Where a registered plan acquires a SpinCo Common Share in circumstances where the SpinCo Common Shares are not a qualified investment under the ITA for the registered plan, adverse tax consequences may arise for the registered plan and the annuitant, beneficiary or holder under the registered plan, including that the registered plan may become subject to penalty taxes, the annuitant of such registered plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Limited Operating History

As a private company incorporated for the purpose of the Arrangement, SpinCo has a very limited history of operations and must be considered a start-up. As such, SpinCo is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that SpinCo will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

SpinCo has limited financial resources, has not earned any revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for further advancement of SpinCo's business. There can be no assurance that the SpinCo will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of SpinCo's business.

Regulatory Risks

The biotechnology and health industries are regulated domestically and internationally. Such regulations and the compliance requirements and costs for the same may prevent SpinCo from achieving all or some of its short-term or long-term goals and/or achieving them cost effectively. Compliance with such regulations may adversely affect the operations and business of SpinCo and prevent it from being competitive in developing and commercializing its product(s) or service(s).

No Guarantee of Commercialization

SpinCo needs to develop or otherwise provide for commercialization product(s) or service(s). There is no guarantee that any research, development and/or marketing initiatives by SpinCo will result in the successful commercialization of any product or service offered by SpinCo.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the SpinCo's planned research and development will be required. No assurances can be given that SpinCo will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Revenues, taxes, capital expenditures, and operating expenses are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, SpinCo may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to SpinCo or at all. If SpinCo is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Negative Cash Flow

SpinCo has no history of earnings or cash flow from operations. SpinCo does not expect to generate material revenue or to achieve self-sustaining operations for several years, if at all.

No Market for Securities

There is currently no market through which any of SpinCo's securities, including the SpinCo Common Shares, may be sold and there is no assurance that the SpinCo Common Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the SpinCo Common Shares are listed on a stock exchange, holders of the SpinCo Common Shares may not be able to sell their SpinCo Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the SpinCo Common Shares will develop or be sustained after completion of the Arrangement. The holding of SpinCo Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The SpinCo Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Competition

The biotechnology industry is highly competitive. SpinCo will have to compete with other companies, many of which have greater financial, technical and other resources than SpinCo, for, among other things, market share as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on SpinCo and its prospects.

Dividend Policy

SpinCo does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from SpinCo will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of SpinCo and other factors.

Conflicts of Interest

The sole director of SpinCo is also a director, officer and shareholder of other companies. Such associations may give rise to conflicts of interest from time to time. All directors of SpinCo are required by law to act honestly and in good faith with a view to the best interests of SpinCo and to disclose any interest which they may have in any project or opportunity of SpinCo. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo will participate in any project or opportunity, the directors will primarily consider the degree of risk to which SpinCo may be exposed and its financial position at the time.

OTHER MATTERS

Management of the Company is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the Persons named in the enclosed Form of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Financial Statements and MD&A for its most recently completed financial year end of December 31, 2015. Shareholders may also contact the Company at Suite 605-815 Hornby Street, Vancouver, BC, V6Z 2E6, or contact Robert Horsley at (604) 559-8051 to request copies of the Company's comparative financial statements and MD&A for its most recently completed financial year end of December 31, 2015.

APPROVAL BY THE BOARD OF DIRECTORS

The contents and mailing to Shareholders of this Circular have been approved by the Board of Directors. No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Company's board of directors.

Dated at Vancouver, British Columbia this 21st day of April, 2016.

/s/ "Robert Horsley"
Robert Horsley, Director and CEO

SCHEDULE A

PACIFIC THERAPEUTICS LTD.
ARRANGEMENT RESOLUTION

BE IT RESOLVED BY A SPECIAL RESOLUTION THAT:

1. The arrangement pursuant to section 288 of the *Business Corporations Act* (British Columbia) (the "**Act**"), involving Pacific Therapeutics Ltd. (the "**Company**"), its holders of Class A common shares (the "**Company Shareholders**"), Cabbay Holdings Corp. ("**SpinCo**") and the holders of SpinCo's Class A common shares (the "**Arrangement**"), all as more particularly set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit 1 to the Arrangement Agreement between the Company and SpinCo dated April 18, 2016, as amended by the Amended and Restated Arrangement Agreement dated April 21, 2016 and any amendments thereto, (the "**Arrangement Agreement**") is hereby authorized and approved.

2. The entering into, delivery and performance by the Company of the Arrangement Agreement which is attached as Schedule B to the Management Information Circular of the Company dated April 21, 2016 (the "**Circular**") accompanying the notice of this meeting, is hereby ratified, confirmed and approved.

3. Notwithstanding the approval of this special resolution or the approval of the Arrangement by the Supreme Court of British Columbia, the board of directors of the Company (i) is hereby authorized in its sole discretion, without further notice to or approval of the Company Shareholders but subject to the terms of the Arrangement Agreement to amend or terminate the Arrangement Agreement at any time prior to the Arrangement becoming effective; and (ii) is hereby authorized, in its sole discretion, without further notice to or approval of the Company Shareholders, to amend the Plan of Arrangement to the extent permitted thereby and to not proceed with the Arrangement at any time prior to the Arrangement becoming effective.

4. Any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to do all acts and things and to execute, whether under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, all documents and instruments and to do all such acts and things as in the opinion of such director or officer may be necessary or desirable to carry out the intent of this special resolution.

SCHEDULE B

ARRANGEMENT AGREEMENT

AND

AMENDED AND RESTATED

ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

This **AGREEMENT** made as of the 18th day of April, 2016.

BETWEEN:

PACIFIC THERAPEUTICS INC., a company subject to the British Columbia *Business Corporations Act*

("**PT**")

AND

CABBAY HOLDINGS CORP., a company subject to the British Columbia *Business Corporations Act*

("**Newco**")

WHEREAS PT intends to propose to its shareholders the Arrangement;

AND WHEREAS PT currently holds one common share in the capital of Newco;

AND WHEREAS the parties hereto wish to record their agreements with regard to the Arrangement and Plan of Arrangement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, words and terms defined in the Circular will have the same meaning when used herein and, in addition, the following terms will have the following meanings:

"**Arrangement**" means the arrangement under the provisions of Section 288 of the BCA among PT and the Shareholders and Newco and its shareholders on the terms and conditions set forth in the Plan of Arrangement or any amendment or variation thereto made in accordance with section 6 of this Agreement.

"**BCA**" means the British Columbia *Business Corporations Act*, as amended from time to time.

"**Business Day**" means any day, other than a Saturday or a Sunday, when Canadian chartered banks are open for business in the City of Vancouver.

"**Circular**" means the definitive form, together with any amendments thereto, of the management information circular of PT to be prepared and sent to Shareholders in connection with the Meeting.

"**Class 1 Reorganization Shares**" means the shares without par value in the capital of PT to be authorized for issuance and issued as part of the Arrangement.

"**Common Shares**" means the Class A common shares without par value in the capital of PT issued and outstanding immediately prior to the implementation of the Arrangement.

"**Court**" means the Supreme Court of British Columbia.

"**Dissent Rights**" means the rights of registered Shareholders to dissent in terms of the Arrangement pursuant to the BCA and the Interim Order.

"**Effective Date**" means the date the Plan of Arrangement becomes effective on such date as the directors of PT may determine pursuant to a resolution of the board of directors;

"**Exchange**" means the Canadian Securities Exchange.

"**Final Order**" means the final order of the Court approving the Arrangement.

"**Interim Order**" means the order of the Court to be applied for as contemplated in section 3.3 hereof.

"**Meeting**" means the annual and special general meeting of Shareholders to be held on May 20, 2016 and any adjournment thereof to consider, among other matters, the Arrangement.

"**New Common Shares**" means the new common shares without par value in the capital of PT to be issued as part of the Arrangement.

"**Plan of Arrangement**" means the plan of arrangement which is annexed as Exhibit 1 hereto and any amendment or variation thereto made in accordance with section 6 hereof.

"**Registrar**" means the Registrar of Companies appointed under section 400 of the BCA.

"**Shareholders**" means the holders of Common Shares.

"**Newco Common Shares**" means the Class A common shares without par value in the capital of Newco.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.

1.2 Interpretation not Affected by Headings

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**this Agreement**", "**hereof**", and "**hereunder**" and similar expressions refer to this Agreement (including the exhibit hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Numbers, Et Cetera

Unless the context otherwise requires, words importing the singular number only will include the plural and vice versa, words importing the use of any gender will include both genders; and words importing persons will include firms, corporations, trusts and partnerships.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day at such place, unless otherwise agreed to.

1.5 Entire Agreement

This Agreement, together with the exhibit, schedules, agreements and other documents herein or therein referred to, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of PT

PT represents and warrants to and in favour of Newco as follows:

(a) PT is a company duly organized and validly existing under the BCA and has the corporate power and authority to own, operate and lease its property and assets and to carry on its business as now being conducted by it, and it is duly registered, licensed or qualified to carry on business in each jurisdiction in which a material amount of its business is conducted or where the character of its properties and assets makes such registration, licensing or qualification necessary.

(b) PT has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder.

(c) The authorized capital of PT consists of an unlimited number of Class A common shares without par value, of which approximately 1,379,887 Class A common shares were issued and outstanding as at March 11, 2016, 1,500,000 Class B Series I preferred shares without par value of which zero are issued and outstanding as of the date of this Agreement and 1,000,000 Class B Series II preferred shares without par value of which zero are issued and outstanding as of the date of this Agreement.

(d) The execution and delivery of this Agreement by PT and the completion of the transactions contemplated herein:

(i) do not and will not result in a breach of, or violate any term or provision of, the articles of PT;

(ii) subject to receiving any consent as may be necessary under any agreement by which PT is bound, do not and will not, as of the Effective Date, conflict with, result in the breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which PT, or to which any material property of PT is subject or result in the creation of any lien, charge or encumbrance upon any of the material assets of PT under any such agreement or instrument, or give to any person any material interest or right, including rights of purchase, termination, cancellation or acceleration, under any such agreement, instrument, license, permit or authority; and

(iii) subject to receipt of necessary approvals of the Shareholders and the Court do not and will not as of the Effective Date violate any provision of law or administrative regulation or any judicial or administrative award, judgment or decree applicable and known to PT, after due inquiry, the breach of which would have a material adverse effect on PT.

(e) To the best of the knowledge of PT after due inquiry, there are no actions, suits, proceedings or investigations commenced, contemplated or threatened against or affecting PT, at law or in equity, before or by any governmental department, commission, board, bureau, court, agency, arbitrator or instrumentality, domestic or foreign, of any kind nor, to the best of the knowledge of PT, after due inquiry, are there any existing facts or conditions which may reasonably be expected, individually or in the aggregate, to be a proper basis for any actions, suits, proceedings or investigations, which in any case would prevent or hinder the consummation of the transactions contemplated by this Agreement, or the Plan of Arrangement, or which may reasonably be expected individually or in the aggregate to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of PT, either before or after the Effective Date.

(f) The execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by the board of directors of PT and this Agreement has been duly executed and delivered by PT and constitutes a valid and binding obligation of PT enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(g) The information set forth in the Circular relating to PT and the interests of PT, its business and properties and the effect of the Arrangement thereon is true, correct and complete in all material respects and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in the light of the circumstances in which they are made.

2.2 Representations and Warranties of Newco

Newco represents and warrants to and in favour of PT as follows:

(a) Newco is a company duly organized and validly existing under the BCA.

(b) Newco has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder.

(c) The authorized capital of Newco consists of an unlimited number of Class A common shares (being Newco Common Shares as defined above) without par value and an unlimited number of Class B preferred shares without par value, of which 1 Newco Common Share is issued and outstanding as at the date hereof. The 1 outstanding Newco Common Share is held by PT.

(d) Except as contemplated by this Agreement, no individual, firm, corporation or other person holds any securities convertible or exchangeable into any shares of Newco or has any agreement, warrant, option or any right capable of becoming an agreement, warrant or option for the purchase of any unissued shares of Newco.

(e) The execution and delivery of this Agreement by Newco and the completion of the transactions contemplated herein:

(i) do not and will not result in the breach of, or violate any term or provision of, the articles of Newco; and

(ii) do not and will not, as of the Effective Date, violate any provision of law or administrative regulation or any judicial or administrative award, judgment or decree applicable and known to Newco, after due inquiry, the breach of which would have a material adverse effect on Newco.

(f) The execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by the board of directors of Newco and

this Agreement has been executed and delivered by Newco and constitutes a valid and binding obligation of Newco enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(g) Newco is not engaged in any business nor is it a party to or bound by any contract, agreement, arrangement, instrument, license, permit or authority, other than this Agreement and any transaction or agreement necessary or incidental to the fulfilment of its obligations under Agreement, nor does it have any liabilities, contingent or otherwise, except as provided in or permitted by this Agreement.

3. COVENANTS

3.1 Covenants of PT

PT hereby covenants and agrees with Newco as follows:

(a) Until the Effective Date, PT will carry on its business in the ordinary course and will not enter into any transaction or incur any obligation or liability out of the ordinary course of its business, except as otherwise contemplated in this Agreement.

(b) Except as otherwise contemplated in this Agreement, until the Effective Date, PT will not merge with, amalgamate, consolidate or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement.

(c) PT will, in a timely and expeditious manner, file the Circular in all jurisdictions where the Circular is required to be filed by PT and mail the Circular to Shareholders in accordance with the terms of the Interim Order and applicable law.

(d) PT will perform the obligations required to be performed by it hereunder and will do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the transactions under the Arrangement as described in the Circular and, without limiting the generality of the foregoing, PT shall use its reasonable commercial efforts to seek:

(i) the approval of the Shareholders required for the implementation of the Arrangement,

(ii) the approval for the listing of the New Common Shares on the Exchange,

(iii) the Final Order as provided for in section 3.3, and

(iv) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 4.1.

(e) PT will convene the Meeting as soon as practicable and will solicit proxies to be voted at the Meeting in favour of the Arrangement and all other resolutions referred to in the Circular.

(f) PT will use its reasonable commercial best efforts to cause each of the conditions precedent set out in sections 4.1 and 4.2 to be complied with on or before the Effective Date.

3.2 Covenants of Newco

Newco hereby covenants and agrees with PT as follows:

(a) Until the Effective Date, it will not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person, and perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the Arrangement or other transactions contemplated by this Agreement.

(b) It will perform the obligations required to be performed by it, and will enter into all agreements required to be entered into by it, under this Agreement, the Plan of Arrangement and will do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, it will:

(i) seek and cooperate with PT in seeking the Final Order as provided for in section 3.3; and

(ii) seek and cooperate with PT in seeking such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 4.1.

3.3 Interim Order and Final Order

Each party covenants and agrees that it will, as soon as reasonably practicable, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other matters, considering and, if deemed advisable, approving the Arrangement and that, if the approval of the Arrangement by Shareholders as set forth in the Interim Order is obtained by PT as soon as practicable thereafter each party will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such fashion as the Court may direct. As soon as practicable thereafter, and subject to compliance with any other conditions provided for in Article 4 hereof, PT will file with the Registrar a certified copy of the Final Order in furtherance of giving effect to the Arrangement.

3.4 Non-Survival of Representations, Warranties and Covenants

The respective representations, warranties and covenants of PT and Newco contained herein will expire and be terminated and extinguished at and from the Effective Date, other than the covenants in

sections 3.1(d) and 3.2(b) and no party will have any liability or further obligation to any party hereunder in respect of the respective representations, warranties and covenants thereafter, other than the covenants in sections 3.1(d) and 3.2(b).

4. CONDITIONS

4.1 Conditions Precedent

The respective obligations of each party hereto to complete the transactions contemplated by this Agreement will be subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by any party hereto in whole or in part:

(a) The Arrangement, with or without amendment, will have been approved at the Meeting in accordance with the Interim Order.

(b) The Interim Order and the Final Order will have been obtained in form and substance satisfactory to PT and Newco, acting reasonably.

(c) The Exchange, if required, will have approved, as of the Effective Date, the listing and posting for trading of the New Common Shares issuable on the Arrangement, subject to compliance with the listing requirements thereof, or the Exchange has prior to the Effective Date conditionally approved the listing and posting for trading of such New Common Shares.

(d) No action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of or damages on account of or relating to the Arrangement and no cease trading or similar order with respect to any securities of PT or Newco will have been issued and remain outstanding.

(e) All material regulatory requirements will have been complied with and all other material consents, agreements, orders and approvals, including regulatory and judicial approvals and orders, necessary for the completion of the transactions provided for in this Agreement or contemplated by the Circular will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, with the exception of at most 10% of Shareholders dissenting to the Arrangement.

(f) None of the consents, orders, regulations or approvals contemplated herein will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by PT or Newco acting reasonably.

(g) PT and Newco have received all necessary orders and rulings from various securities commissions and regulatory authorities in the relevant provinces of Canada, where required.

(h) This Agreement will not have been terminated under section 6.

4.2 Conditions to Obligations of Each Party

The obligation of each of PT and Newco to complete the transactions contemplated by this Agreement is further subject to the condition, which may be waived by any such party without prejudice to its right to rely on any other condition in favour of such party, that each and every one of the covenants of the other party hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement will have been duly performed by such party and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the other party hereto will be true and correct in all material respects as at the Effective Date, with the same effect as if such representations and warranties had been made at and as of such time, and each such party will have received a certificate, dated the Effective Date, of a senior officer of each other party confirming the same unless the party that is to receive such certificate has waived in writing the requirement to receive such certificate.

4.3 Merger of Conditions

The conditions set out in sections 4.1 and 4.2 will be conclusively deemed to have been satisfied, waived or released upon the delivery to the Registrar of a certified copy of the Final Order in furtherance of giving effect to the Arrangement.

5. UNITED STATES SECURITIES LAW MATTERS

The Parties agree that the Arrangement will be carried out with the intention that all New Common Shares, Class 1 Reorganization Shares and the Newco Common Shares issued on completion of the Arrangement to Shareholders will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;

(c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Shareholders subject to the Arrangement;

(d) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Shareholders;

(e) PT will ensure that each Shareholder entitled to receive New Common Shares, Class 1 Reorganization Shares and Newco Common Shares on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(f) the Shareholders will be advised that the New Common Shares, Class 1 Reorganization Shares and Newco Common Shares issued in the Arrangement have not been registered under the U.S. Securities Act and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act and may be subject to restrictions on resale under the applicable Securities Legislation of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to affiliates of PT;

(g) the Interim Order will specify that each Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as the Shareholder files a Response to Petition within a reasonable time; and

(h) the Final Order shall include a statement substantially to the following effect:

"THIS ORDER WILL SERVE AS A BASIS OF A CLAIM TO AN EXEMPTION, PURSUANT TO SECTION 3(A)(10) OF THE *UNITED STATES SECURITIES ACT OF 1933, AS AMENDED*, FROM THE REGISTRATION REQUIREMENTS OTHERWISE IMPOSED BY THAT ACT, REGARDING THE EXCHANGE OF COMMON SHARES FOR NEW COMMON SHARES, CLASS 1 REORGANIZATION SHARES AND NEWCO COMMON SHARES, PURSUANT TO THE PLAN OF ARRANGEMENT."

6. AMENDMENT AND TERMINATION

6.1 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before and after the holding of the Meeting but not later than the Effective Date, be amended in a manner not materially prejudicial to the Shareholders by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the Shareholders or the Court for any reason whatsoever.

6.2 Termination

This Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the board of directors of PT without further notice to, or action on the part of, the Shareholders.

Without limiting the generality of the foregoing, PT may terminate this Agreement:

(a) In the event that any right of dissent is exercised pursuant to section 5.1 of the Plan of Arrangement in respect of the Common Shares, immediately prior to the Effective Date, and Shareholders who have exercised their right of dissent and hold 10% or more of the outstanding Common Shares have not abandoned their right of dissent.

(b) If prior to the Effective Date there is a material change in the business, operations, properties, assets, liabilities or condition, financial or otherwise, of PT and its subsidiaries, taken as a whole, or in Newco, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into

effect any occurrence which has a material effect on the financial markets of Canada and the Board of Directors determines in its sole judgment that it would be inadvisable in such circumstances for PT to proceed with the Arrangement.

6.3 Effect of Termination

Upon the termination of this Agreement pursuant to section 6.2 hereof, no party will have any liability or further obligation to any other party hereunder.

7. GENERAL

7.1 Notices

A notice or other communication to a party under this Agreement is valid if (a) it is in writing, and (b) it is delivered by hand, by registered mail, or by any courier service that provides proof of delivery, or (c) it is sent by electronic mail, and (d) it is addressed using the information for that party set out below (or any other information specified by that party in accordance with this section 7.1):

(a) If to PT:

Suite 605-815 Hornby St.
Vancouver, BC, V6Z 2E6
Email: brian@howeandbayfinancial.com

(b) If to Newco:

Attention: Robert (Nick) Horsley
Email: RNPSHORSLEY@gmail.com

A valid notice or other communication under this Agreement will be effective when the party to which it is addressed receives it. A party is deemed to have received a notice or other communication under this Agreement at the time and date indicated on the signed receipt or in the case of e-mail transmission the day of transmission; and, if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address (including change of an e-mail address) for which no notice was given, then upon that rejection, refusal or inability to deliver.

7.2 Assignment

No party may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other party hereto.

7.3 Binding Effect

This Agreement and the Arrangement will be binding upon and will enure to the benefit of the parties hereto and their respective successors and permitted assigns and, in the case of the Arrangement, will enure to the benefit of the Shareholders.

7.4 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting the same. Waivers may only be granted upon compliance with the terms governing amendments set forth in section 6.1 hereof, applied *mutatis mutandis*.

7.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and will be treated in all respects as a British Columbia contract. Each party irrevocably agrees to attorn to the exclusive jurisdiction of the courts of Vancouver, British Columbia, with respect to any legal proceedings arising herefrom.

7.6 Counterparts

This Agreement may be executed in one or more counterparts and delivered by facsimile or e-mail, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Agreement may be signed by electronic signature.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written.

PACIFIC THERAPEUTICS INC.

By: /s/ "*Robert Horsley*"
Robert (Nick) Horsley, Director

CABBAY HOLDINGS CORP.

By: /s/ "*Robert Horsley*"
Robert (Nick) Horsley, Director

Exhibit 1

TO THE ARRANGEMENT AGREEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288
OF THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*

1. INTERPRETATION

1.1 Definitions

In this Arrangement, unless there is something in the subject matter or context inconsistent therewith:

1.1.1 "**Arrangement**" means the arrangement proposed under the provisions of section 288 of the BCA on the terms set out in this Plan of Arrangement.

1.1.2 "**Arrangement Agreement**" means the agreement, dated as of April 18, 2016 between PT and Newco to which this Plan of Arrangement is attached as Exhibit 1, as the same may be amended from time to time.

1.1.3 "**BCA**" means the British Columbia *Business Corporations Act*, as amended from time to time.

1.1.4 "**PT**" means Pacific Therapeutics Ltd., a corporation incorporated under the BCA.

1.1.5 "**Circular**" means the definitive form, together with any amendments thereto, of the management information circular of PT to be prepared and sent to the Shareholders in connection with the Meeting.

1.1.6 "**Class 1 Reorganization Ratio**" means the percentage resulting from the division of 1,379,887, as numerator, by the number of Class 1 Reorganization Shares issued on the Effective Date, as denominator. The ratio is 100% (1:1).

1.1.7 "**Class 1 Reorganization Shares**" means the shares without par value in the capital of PT to be issued as part of the Arrangement.

1.1.8 "**Common Share**" means the Class A common shares without par value in the capital of PT.

1.1.9 "**Court**" means the Supreme Court of British Columbia.

1.1.10 "**Director**" means a director of PT.

1.1.11 "**Effective Date**" means the date the Plan of Arrangement becomes effective with such date being the date as the Directors of PT may determine pursuant to a resolution of the board of directors;

1.1.12 "**Exchange**" means the Canadian Securities Exchange.

1.1.13 "**Final Order**" means the final order of the Court approving the Arrangement pursuant to the BCA.

1.1.14 "**holder**", when not qualified by the adjective "**registered**", means the person entitled to a share hereunder whether or not registered or entitled to be registered in respect thereof in the register of Shareholders of PT or Newco, as the case may be.

1.1.15 "**Interim Order**" means the interim order to be obtained from the Court, providing for a special meeting of the Common Shareholders to consider and approve the Arrangement and for certain other procedural matters as well as for the issue of a notice of hearing for the Final Order.

1.1.16 "**ITA**" means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.

1.1.17 "**Meeting**" means the annual and special meeting of shareholders which will be held on May 20, 2016 to consider, among other matters, the Arrangement, and any adjournment thereof.

1.1.18 "**New Common Shares**" means the new common shares without par value in the capital of PT to be issued as part of the Arrangement.

1.1.19 "**Asset Purchase Agreement**" means the asset purchase agreement between Forge Therapeutics Inc. and Pacific Therapeutics Ltd. dated July 23, 2015.

1.1.20 "**PUC**" means "paid-up capital" as defined in subsection 89(1) of the ITA.

1.1.21 "**Plan of Arrangement**" means this plan of arrangement, as it may be amended from time to time in accordance with section 6 of the Arrangement Agreement.

1.1.22 "**Shareholders**" means those persons who, as at the close of business on the Effective Date, are registered holders of Common Shares.

1.1.23 "**Newco**" means CABBAY HOLDINGS CORP., a private company incorporated under the BCA to facilitate the Arrangement.

1.1.24 "**Newco Common Share**" means the Class A common shares without par value which Newco is authorized to issue.

1.1.25 "**Newco Working Capital**" means the sum of $1,000.

1.1.26 "**Transfer Agent**" means Computershare Trust Company of Canada.

1.2 Headings

The division of this Plan of Arrangement into articles, sections, subsections and paragraphs, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "**this Plan of Arrangement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or other part hereof. Unless something in the subject

matter or context is inconsistent therewith, all references herein to articles, sections, subsections and paragraphs are to articles, sections, subsections and paragraphs of this Plan of Arrangement.

1.3 Extended Meanings

In this Plan of Arrangement, words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include individuals, partnerships, associations, firms, trusts, unincorporated organizations and corporations.

1.4 Currency

All references to currency herein are to lawful money of Canada unless otherwise specified herein.

2. ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the provision of the Arrangement Agreement.

3. SUMMARY OF THE ARRANGEMENT

3.1 Summary

3.1.1 This Arrangement is being effected as an arrangement pursuant to Section 288 of the BCA.

3.1.2 All holders of Common Shares, except for dissenting holders of Common Shares, will exchange each Common Share for one New Common Share and one Class 1 Reorganization Share.

3.1.3 All Class 1 Reorganization Shares will be transferred to Newco for consideration consisting solely of Newco Common Shares in accordance with the Newco Reorganization Ratio.

3.1.4 All of the Class 1 Reorganization Shares owned by Newco will be redeemed for their aggregate redemption value and such redemption value will be satisfied in full by the transfer by PT to Newco of the Asset Purchase Agreement and the Newco Working Capital, after which the Class 1 Reorganization Shares will be cancelled.

3.1.5 Shareholders may dissent in relation to the resolution to approve the Arrangement pursuant to the provisions of the Interim Order and sections 237 to 247 of the BCA.

3.1.6 The exchange of Common Shares for New Common Shares and Class 1 Reorganization Shares; the transfer of the Class 1 Reorganization Shares to Newco in consideration of the issuance of Newco Common Shares and the redemption of the Class 1 Reorganization Shares and the transfer of the Asset Purchase Agreement and the Newco Working Capital to Newco will all occur on the Effective Date, in the order set out herein.

4. THE ARRANGEMENT

4.1 The Arrangement

On the Effective Date, the following will occur and be deemed to occur in the following order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of PT or of Newco, but subject to the provisions of section 5 of this Plan of Arrangement:

4.1.1 The articles and notice of articles of PT will be amended, as applicable, to authorize PT to issue an unlimited number of New Common Shares (to be designated as "**New Common shares**", or with such designation as decided by PT's board, in the amended articles and/or notice of articles, as applicable) and an unlimited number of Class 1 Reorganization Shares (to be designated as "**Class 1 Reorganization Shares**", or with such designation as decided by PT's board, in the amended articles and/or notice of articles, as applicable) , with the special rights and restrictions substantially in the form as set out in Exhibit 2 to the Arrangement Agreement attached hereto.

4.1.2 Each issued and outstanding Common Share, except those referred to in section 5.1, will be exchanged for one New Common Share and one Class 1 Reorganization Share. In connection with such exchange:

(a) The issue price for each Class 1 Reorganization Share will be an amount equal to the fair market value, as determined by the Directors, of one Class 1 Reorganization Share immediately following the exchange provided for in this subsection.

(b) The Company will add to the stated capital account maintained by it for the Class 1 Reorganization Shares the lesser of the issue price thereof and $1.00.

(c) The issue price for each New Common Share will be an amount equal to the difference between (i) the fair market value for the Common Share for which it was, in part, exchanged immediately prior thereto and (ii) the amount determined in section 4.1.2(a) hereof.

(d) The Company will add to the stated capital account maintained by it for the New Common Shares an amount equal to the amount by which the PUC of the Common Shares, immediately before the exchange, exceeds the stated capital account of the Class 1 Reorganization Shares, as determined above.

(e) The amounts to be added to the stated capital accounts maintained by the Company for the New Common Shares and Class 1 Reorganization Shares shall, notwithstanding paragraph 4.1.2(b) above, not exceed the PUC of the Common Shares at the time of the exchange.

(f) Each Shareholder will cease to be the holder of the Common Shares so exchanged and will become the holder of New Common Shares and Class 1 Reorganization Shares issued to such Shareholder. The name of such Shareholder will be removed from the register of holders of Common Shares with respect to the Common Shares so exchanged and will be added to the registers of the holders of New Common Shares

and Class 1 Reorganization Shares as the holder of the number of New Common Shares and Class 1 Reorganization Shares, respectively, so issued to such Shareholder.

4.1.3 No share certificate representing the Class 1 Reorganization Shares issued pursuant to 4.1.2 will be issued. The New Common Shares to be issued pursuant to paragraph 4.1.2 will be evidenced by the existing share certificates and/or direct registration statements ("**DRSs**") (as applicable) representing the Common Shares which will be deemed for all purposes thereafter to be certificates and/or DRSs representing New Common Shares to which the holder is entitled pursuant to the Arrangement, and no share certificates and/or DRSs representing such New Common Shares will be issued to the Common Shareholders, subject to any requirements by the Transfer Agent and/or any clearing or depository for securities, such as CDS to change such certificates and/or DRSs with new ones reflecting the issuances contemplated for the Arrangement, in which case the changing of such certificate and/or DRSs may occur after the Effective Date and prior to such change the current (pre-arrangement) certificates and/or DRSs are deemed to be representing the New Common Shares.

4.1.4 The Common Shares exchanged for New Common Shares and Class 1 Reorganization Shares pursuant to section 4.1.2 will be cancelled.

4.1.5 Each Shareholder will transfer all of its Class 1 Reorganization Shares to Newco for consideration consisting solely of Newco Common Shares issued by Newco in accordance with the Newco Reorganization Ratio for the Class 1 Reorganization Shares so transferred. In connection with such sale and transfer:

(a) The issue price for each Newco Common Share will be an amount equal to the fair market value of the fractional Class 1 Reorganization Share for which it was issued as consideration.

(b) Each holder of Class 1 Reorganization Shares so transferred will cease to be the holder of the Class 1 Reorganization Shares so transferred and will become the holder of Newco Common Shares issued to such holder. The name of such holder will be removed from the register of holders of Class 1 Reorganization Shares with respect to the Class 1 Reorganization Shares so transferred and will be added to the register of holders of Newco Common Shares as the holder of the number of Newco Common Shares so issued to such holder, and Newco will be and will be deemed to be the transferee of Class 1 Reorganization Shares so transferred and the name of Newco will be entered in the register of holders of Class 1 Reorganization Shares as the holder of the number of Class 1 Reorganization Shares so transferred to Newco.

4.1.6 All of the Class 1 Reorganization Shares owned by Newco will be redeemed for their aggregate redemption value and such redemption value will be satisfied in full by the transfer by PT to Newco of the Asset Purchase Agreement and the Newco Working Capital and the Class 1 Reorganization Shares will be cancelled. NewCo hereby waives any notice requirements or other formalities associated with the redemption of the Class 1 Reorganization Shares, and its entry into this Agreement shall be evidence of its consent to waive any obligations the Company might have to provide notice of redemption or abide by any similar formality with respect to the redemption.

4.1.7 The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

5. RIGHT TO DISSENT

5.1 Right to Dissent

A Shareholder may exercise dissent rights ("**Dissent Rights**") conferred by the Interim Order in connection with the Arrangement in the manner set out in Section 238 of the BCA, as modified by the Interim Order, provided the Notice of Dissent is received by the Company by no later than 2 p.m. (Vancouver time) on May 18, 2016. Without limiting the generality of the foregoing, Shareholders who duly exercise such Dissent Rights will be deemed to have transferred such Common Shares, as of the Effective Date, without any further act or formality, to the Company in consideration of their entitlement to be paid the fair value of the Common Shares under the Dissent Rights.

6. CERTIFICATES

6.1 Entitlement to Share Certificates or DRSs

As soon as practicable after the Effective Date, Newco will cause the Transfer Agent to deliver share certificates and/or DRSs, as applicable, representing the Newco Common Shares to each of the holders of Newco Common Shares entitled to the same following the Arrangement.

6.2 Use of Postal Services

Any certificate or DRS which any person is entitled to receive in accordance with this Plan of Arrangement will (unless the Transfer Agent has received instructions to the contrary from or on behalf of such person prior to the Effective Date) be forwarded by regular mail, postage prepaid, or in the case of postal disruption in Canada, by such other means as the Transfer Agent may deem prudent.

7. AMENDMENT AND TERMINATION

7.1 Amendment and Termination

7.1.1 The Parties reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement made following the Meeting must be contained in a written document which, if required, is filed with the Court and if required by the Court, approved by the Court and communicated to Shareholders in the manner required by the Court.

7.1.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by any of the parties at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes without the need for further approval by PT Shareholders.

7.1.3 Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only if it is consented to by the

Parties (acting reasonably) and, if required by the Court, approved by Shareholders voting in the manner directed by the Court.

7.1.4 This Plan of Arrangement may be withdrawn prior to the Effective Date in accordance with the terms of this Agreement.

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Exhibit 2
TO THE ARRANGEMENT AGREEMENT

SPECIAL RIGHTS AND RESTRICTIONS

1. **New Common Shares**

The New Common Shares will have the same rights and restrictions as the Common Shares.

2. **Class 1 Reorganization Shares**

The following special rights and restrictions are attached to the Class 1 Reorganization shares:

(a) Non-voting. The holders of the Class 1 Reorganization shares are not, as such, entitled to receive notice of or to attend or to vote at any general meetings of the shareholders of the Company.

(b) No dividends. No dividend shall be declared or paid at any time on the Class 1 Reorganization shares.

(c) Redemption Amount. The "**Redemption Amount**" of each Class 1 Reorganization share will be Cdn$1001 divided by the number of Class 1 Reorganization shares issued and outstanding on the effective date of the arrangement as contemplated in the Arrangement Agreement dated April 18, 2016 between the Company and Newco, payable in cash, promissory note, assets with a deemed value as determined by the board of directors of the Company, or any combination thereof.

(d) Redemption Price. The "**Redemption Price**" for each Class 1 Reorganization share shall be the Redemption Amount thereof.

(e) Redeemable. The Company may at any time redeem any Class 1 Reorganization share in accordance with the rules and procedures in Article 24.6 by paying to the holder thereof the Redemption Price thereof.

(f) Limited preferred entitlement on dissolution. In the event of a liquidation or dissolution of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, the holders of the Class 1 Reorganization shares will be entitled, before any distribution or payment of any amounts due to holders of the Pre-Arrangement Common shares, Common shares and Preferred shares as provided for in these articles, to receive the Redemption Price for each Class 1 Reorganization share held, and after such payment will not as such be entitled to participate in any further distribution of property or assets of the Company.

3. **Procedure for redemption of shares**

In the event the Company wishes to redeem one or more shares of a class in respect of which redemption by the Company is permitted under these articles (the "**Redeemable Shares**"):

(a) the Company shall give notice of redemption to each person who at the date of the notice is a holder of a Redeemable Share that is to be redeemed;

(b) a notice of redemption shall specify the date on which the redemption is to take place, the Redemption Price, and the number of Redeemable Shares to be redeemed from the holder to whom the notice is addressed;

(c) on or after the date specified for redemption, the Company shall, on the holder's presentation and surrender to the Company of all certificates representing the Redeemable Shares to be redeemed, pay or cause to be paid to or to the order of the holder of such shares the Redemption Price therefor;

(d) upon payment of the Redemption Price in respect of the Redeemable Shares to be redeemed as provided in paragraph (c), such shares will be redeemed and any certificate representing the shares will be cancelled;

(e) after the date specified for redemption, the holder of a Redeemable Share to be redeemed will not be entitled to exercise any of the rights of a shareholder in respect of that share unless payment of the Redemption Amount is not made on presentation of the certificate for that share in accordance with paragraph (c), in which case the rights of such holder will remain unaffected;

(f) if the holder of a Redeemable Share to be redeemed fails to present and surrender the certificate representing such share within 15 days after the date specified for the redemption, the Company may deposit the Redemption Price for such share to a special account in any chartered bank or trust company in British Columbia to be paid without interest to or to the order of such holder upon presentation and surrender to such bank or trust company of the certificate, and upon the making of such deposit every share in respect of which the deposit is made will be deemed to be redeemed and the rights of the holder thereof will be limited to receiving without interest the Redemption Price thereof against presentation and surrender of that certificate;

(g) the holder of a Redeemable Share may by instrument in writing waive notice of redemption of such share; and

(h) where a notice of redemption has been given, no transfer of any Redeemable Share specified in such notice may be made by the holder of such share unless the holder's rights with respect to that share have been restored under paragraph (e).

Amended and Restated

ARRANGEMENT AGREEMENT

This **Amended and Restated AGREEMENT** made as of the 21st day of April, 2016.

BETWEEN:

PACIFIC THERAPEUTICS INC., a company subject to the British Columbia *Business Corporations Act*

("**PT**")

AND

CABBAY HOLDINGS CORP., a company subject to the British Columbia *Business Corporations Act*

("**Newco**")

WHEREAS PT and Newco entered into an arrangement agreement on April 18, 2016 and they wish to amend the same and restate said agreement in its entirety by including the amendments to the same,

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, words and terms defined in the Circular will have the same meaning when used herein and, in addition, the following terms will have the following meanings:

"**Arrangement**" means the arrangement under the provisions of Section 288 of the BCA among PT and the Shareholders and Newco and its shareholders on the terms and conditions set forth in the Plan of Arrangement or any amendment or variation thereto made in accordance with section 6 of this Agreement.

"**BCA**" means the British Columbia *Business Corporations Act*, as amended from time to time.

"**Business Day**" means any day, other than a Saturday or a Sunday, when Canadian chartered banks are open for business in the City of Vancouver.

"**Circular**" means the definitive form, together with any amendments thereto, of the management information circular of PT to be prepared and sent to Shareholders in connection with the Meeting.

"**Class 1 Reorganization Shares**" means the shares without par value in the capital of PT to be authorized for issuance and issued as part of the Arrangement.

"**Common Shares**" means the Class A common shares without par value in the capital of PT issued and outstanding immediately prior to the implementation of the Arrangement.

"**Court**" means the Supreme Court of British Columbia.

"**Dissent Rights**" means the rights of registered Shareholders to dissent in terms of the Arrangement pursuant to the BCA and the Interim Order.

"**Effective Date**" means the date the Plan of Arrangement becomes effective on such date as the directors of PT may determine pursuant to a resolution of the board of directors;

"**Exchange**" means the Canadian Securities Exchange.

"**Final Order**" means the final order of the Court approving the Arrangement.

"**Interim Order**" means the order of the Court to be applied for as contemplated in section 3.3 hereof.

"**Meeting**" means the annual and special general meeting of Shareholders to be held on May 20, 2016 and any adjournment thereof to consider, among other matters, the Arrangement.

"**New Common Shares**" means the new common shares without par value in the capital of PT to be issued as part of the Arrangement.

"**Plan of Arrangement**" means the plan of arrangement which is annexed as Exhibit 1 hereto and any amendment or variation thereto made in accordance with section 6 hereof.

"**Record Date**" means March 22, 2016.

"person" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

"**Registrar**" means the Registrar of Companies appointed under section 400 of the BCA.

"**Share Distribution Date**" means the Record Date, unless as determined otherwise by the board of directors of PT by a resolution of such directors after the entry into this Agreement, which date establishes the Shareholders and/or former holders of Common Shares who will be entitled to ultimately receive Newco Common Shares pursuant to this Arrangement Agreement.

"**Shareholders**" means the holders of Common Shares.

"**Newco Common Shares**" means the Class A common shares without par value in the capital of Newco.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.

1.2 Interpretation not Affected by Headings

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**this Agreement**", "**hereof**", and "**hereunder**" and similar expressions refer to this Agreement (including the exhibit hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Numbers, Et Cetera

Unless the context otherwise requires, words importing the singular number only will include the plural and vice versa, words importing the use of any gender will include both genders; and words importing persons will include firms, corporations, trusts and partnerships.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day at such place, unless otherwise agreed to.

1.5 Entire Agreement

This Agreement, together with the exhibit, schedules, agreements and other documents herein or therein referred to, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of PT

PT represents and warrants to and in favour of Newco as follows:

(e) PT is a company duly organized and validly existing under the BCA and has the corporate power and authority to own, operate and lease its property and assets and to carry on its business as now being conducted by it, and it is duly registered, licensed or qualified to carry on business in each jurisdiction in which a material amount of its business is conducted or where the character of its properties and assets makes such registration, licensing or qualification necessary.

(f) PT has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder.

(g) The authorized capital of PT consists of an unlimited number of Class A common shares without par value, of which approximately 1,379,887 Class A common shares were issued and outstanding as at March 11, 2016, 1,500,000 Class B Series I preferred shares without par value of which zero are issued and outstanding as of the date of this Agreement and 1,000,000 Class B Series II preferred shares without par value of which zero are issued and outstanding as of the date of this Agreement.

(h) The execution and delivery of this Agreement by PT and the completion of the transactions contemplated herein:

(iv) do not and will not result in a breach of, or violate any term or provision of, the articles of PT;

(v) subject to receiving any consent as may be necessary under any agreement by which PT is bound, do not and will not, as of the Effective Date, conflict with, result in the breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which PT, or to which any material property of PT is subject or result in the creation of any lien, charge or encumbrance upon any of the material assets of PT under any such agreement or instrument, or give to any person any material interest or right, including rights of purchase, termination, cancellation or acceleration, under any such agreement, instrument, license, permit or authority; and

(vi) subject to receipt of necessary approvals of the Shareholders and the Court do not and will not as of the Effective Date violate any provision of law or administrative regulation or any judicial or administrative award, judgment or decree applicable and known to PT, after due inquiry, the breach of which would have a material adverse effect on PT.

(h) To the best of the knowledge of PT after due inquiry, there are no actions, suits, proceedings or investigations commenced, contemplated or threatened against or affecting PT, at law or in equity, before or by any governmental department, commission, board, bureau, court, agency, arbitrator or instrumentality, domestic or foreign, of any kind nor, to the best of the knowledge of PT, after due inquiry, are there any existing facts or conditions which may reasonably be expected, individually or in the aggregate, to be a proper basis for any actions, suits, proceedings or investigations, which in any case would prevent or hinder the consummation of the transactions contemplated by this Agreement, or the Plan of Arrangement, or which may reasonably be expected individually or in the aggregate to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of PT, either before or after the Effective Date.

(i) The execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by the board of directors of PT and this Agreement has been duly executed and delivered by PT and constitutes a valid and binding obligation of PT enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(j) The information set forth in the Circular relating to PT and the interests of PT, its business and properties and the effect of the Arrangement thereon is true, correct and complete in all material respects and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in the light of the circumstances in which they are made.

2.2 Representations and Warranties of Newco

Newco represents and warrants to and in favour of PT as follows:

(h) Newco is a company duly organized and validly existing under the BCA.

(i) Newco has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder.

(j) The authorized capital of Newco consists of an unlimited number of Class A common shares (being Newco Common Shares as defined above) without par value and an unlimited number of Class B preferred shares without par value, of which 1 Newco Common Share is issued and outstanding as at the date hereof. The 1 outstanding Newco Common Share is held by PT.

(k) Except as contemplated by this Agreement, no individual, firm, corporation or other person holds any securities convertible or exchangeable into any shares of Newco or has any agreement, warrant, option or any right capable of becoming an agreement, warrant or option for the purchase of any unissued shares of Newco.

(l) The execution and delivery of this Agreement by Newco and the completion of the transactions contemplated herein:

(i) do not and will not result in the breach of, or violate any term or provision of, the articles of Newco; and

(ii) do not and will not, as of the Effective Date, violate any provision of law or administrative regulation or any judicial or administrative award, judgment or decree applicable and known to Newco, after due inquiry, the breach of which would have a material adverse effect on Newco.

(m) The execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by the board of directors of Newco and

this Agreement has been executed and delivered by Newco and constitutes a valid and binding obligation of Newco enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(n) Newco is not engaged in any business nor is it a party to or bound by any contract, agreement, arrangement, instrument, license, permit or authority, other than this Agreement and any transaction or agreement necessary or incidental to the fulfilment of its obligations under Agreement, nor does it have any liabilities, contingent or otherwise, except as provided in or permitted by this Agreement.

3. COVENANTS

3.1 Covenants of PT

PT hereby covenants and agrees with Newco as follows:

(g) Until the Effective Date, PT will carry on its business in the ordinary course and will not enter into any transaction or incur any obligation or liability out of the ordinary course of its business, except as otherwise contemplated in this Agreement.

(h) Except as otherwise contemplated in this Agreement, until the Effective Date, PT will not merge with, amalgamate, consolidate or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement.

(i) PT will, in a timely and expeditious manner, file the Circular in all jurisdictions where the Circular is required to be filed by PT and mail the Circular to Shareholders in accordance with the terms of the Interim Order and applicable law.

(j) PT will perform the obligations required to be performed by it hereunder and will do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the transactions under the Arrangement as described in the Circular and, without limiting the generality of the foregoing, PT shall use its reasonable commercial efforts to seek:

(i) the approval of the Shareholders required for the implementation of the Arrangement,

(ii) the approval for the listing of the New Common Shares on the Exchange,

(iii) the Final Order as provided for in section 3.3, and

(iv) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 4.1.

(k) PT will convene the Meeting as soon as practicable and will solicit proxies to be voted at the Meeting in favour of the Arrangement and all other resolutions referred to in the Circular.

(l) PT will use its reasonable commercial best efforts to cause each of the conditions precedent set out in sections 4.1 and 4.2 to be complied with on or before the Effective Date.

3.2 Covenants of Newco

Newco hereby covenants and agrees with PT as follows:

(c) Until the Effective Date, it will not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person, and perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the Arrangement or other transactions contemplated by this Agreement.

(d) It will perform the obligations required to be performed by it, and will enter into all agreements required to be entered into by it, under this Agreement, the Plan of Arrangement and will do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, it will:

(i) seek and cooperate with PT in seeking the Final Order as provided for in section 3.3; and

(ii) seek and cooperate with PT in seeking such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 4.1.

3.3 Interim Order and Final Order

Each party covenants and agrees that it will, as soon as reasonably practicable, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other matters, considering and, if deemed advisable, approving the Arrangement and that, if the approval of the Arrangement by Shareholders as set forth in the Interim Order is obtained by PT as soon as practicable thereafter each party will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such fashion as the Court may direct. As soon as practicable thereafter, and subject to compliance with any other conditions provided for in Article 4 hereof, PT will file with the Registrar a certified copy of the Final Order in furtherance of giving effect to the Arrangement.

3.4 Non-Survival of Representations, Warranties and Covenants

The respective representations, warranties and covenants of PT and Newco contained herein will expire and be terminated and extinguished at and from the Effective Date, other than the covenants in

sections 3.1(d) and 3.2(b) and no party will have any liability or further obligation to any party hereunder in respect of the respective representations, warranties and covenants thereafter, other than the covenants in sections 3.1(d) and 3.2(b).

4. CONDITIONS

4.1 Conditions Precedent

The respective obligations of each party hereto to complete the transactions contemplated by this Agreement will be subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by any party hereto in whole or in part:

(i) The Arrangement, with or without amendment, will have been approved at the Meeting in accordance with the Interim Order.

(j) The Interim Order and the Final Order will have been obtained in form and substance satisfactory to PT and Newco, acting reasonably.

(k) The Exchange, if required, will have approved, as of the Effective Date, the listing and posting for trading of the New Common Shares issuable on the Arrangement, subject to compliance with the listing requirements thereof, or the Exchange has prior to the Effective Date conditionally approved the listing and posting for trading of such New Common Shares.

(l) No action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of or damages on account of or relating to the Arrangement and no cease trading or similar order with respect to any securities of PT or Newco will have been issued and remain outstanding.

(m) All material regulatory requirements will have been complied with and all other material consents, agreements, orders and approvals, including regulatory and judicial approvals and orders, necessary for the completion of the transactions provided for in this Agreement or contemplated by the Circular will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, with the exception of at most 10% of Shareholders dissenting to the Arrangement.

(n) None of the consents, orders, regulations or approvals contemplated herein will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by PT or Newco acting reasonably.

(o) PT and Newco have received all necessary orders and rulings from various securities commissions and regulatory authorities in the relevant provinces of Canada, where required.

(p) This Agreement will not have been terminated under section 6.

4.2 Conditions to Obligations of Each Party

The obligation of each of PT and Newco to complete the transactions contemplated by this Agreement is further subject to the condition, which may be waived by any such party without prejudice to its right to rely on any other condition in favour of such party, that each and every one of the covenants of the other party hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement will have been duly performed by such party and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the other party hereto will be true and correct in all material respects as at the Effective Date, with the same effect as if such representations and warranties had been made at and as of such time, and each such party will have received a certificate, dated the Effective Date, of a senior officer of each other party confirming the same unless the party that is to receive such certificate has waived in writing the requirement to receive such certificate.

4.3 Merger of Conditions

The conditions set out in sections 4.1 and 4.2 will be conclusively deemed to have been satisfied, waived or released upon the delivery to the Registrar of a certified copy of the Final Order in furtherance of giving effect to the Arrangement.

5. UNITED STATES SECURITIES LAW MATTERS

The Parties agree that the Arrangement will be carried out with the intention that all New Common Shares, Class 1 Reorganization Shares and the Newco Common Shares issued on completion of the Arrangement to Shareholders will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

(i) the Arrangement will be subject to the approval of the Court;

(j) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;

(k) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Shareholders subject to the Arrangement;

(l) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Shareholders;

(m) PT will ensure that each Shareholder entitled to receive New Common Shares, Class 1 Reorganization Shares and Newco Common Shares on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(n) the Shareholders will be advised that the New Common Shares, Class 1 Reorganization Shares and Newco Common Shares issued in the Arrangement have not been registered under the U.S. Securities Act and will be issued in reliance on the exemption from the

registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act and may be subject to restrictions on resale under the applicable Securities Legislation of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to affiliates of PT;

(o) the Interim Order will specify that each Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as the Shareholder files a Response to Petition within a reasonable time; and

(p) the Final Order shall include a statement substantially to the following effect:

"THIS ORDER WILL SERVE AS A BASIS OF A CLAIM TO AN EXEMPTION, PURSUANT TO SECTION 3(A)(10) OF THE *UNITED STATES SECURITIES ACT OF 1933, AS AMENDED*, FROM THE REGISTRATION REQUIREMENTS OTHERWISE IMPOSED BY THAT ACT, REGARDING THE EXCHANGE OF COMMON SHARES FOR NEW COMMON SHARES, CLASS 1 REORGANIZATION SHARES AND NEWCO COMMON SHARES, PURSUANT TO THE PLAN OF ARRANGEMENT."

6. AMENDMENT AND TERMINATION

6.1 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before and after the holding of the Meeting but not later than the Effective Date, be amended in a manner not materially prejudicial to the Shareholders by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the Shareholders or the Court for any reason whatsoever.

6.2 Termination

This Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the board of directors of PT without further notice to, or action on the part of, the Shareholders.

Without limiting the generality of the foregoing, PT may terminate this Agreement:

(c) In the event that any right of dissent is exercised pursuant to section 5.1 of the Plan of Arrangement in respect of the Common Shares, immediately prior to the Effective Date, and Shareholders who have exercised their right of dissent and hold 10% or more of the outstanding Common Shares have not abandoned their right of dissent.

(d) If prior to the Effective Date there is a material change in the business, operations, properties, assets, liabilities or condition, financial or otherwise, of PT and its subsidiaries, taken as a whole, or in Newco, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the Board of Directors determines in its sole judgment that it would be inadvisable in such circumstances for PT to proceed with the Arrangement.

6.3 Effect of Termination

Upon the termination of this Agreement pursuant to section 6.2 hereof, no party will have any liability or further obligation to any other party hereunder.

7. GENERAL

7.1 Notices

A notice or other communication to a party under this Agreement is valid if (a) it is in writing, and (b) it is delivered by hand, by registered mail, or by any courier service that provides proof of delivery, or (c) it is sent by electronic mail, and (d) it is addressed using the information for that party set out below (or any other information specified by that party in accordance with this section 7.1):

(c) If to PT:

Suite 605-815 Hornby St.
Vancouver, BC, V6Z 2E6
Email: brian@howeandbayfinancial.com

(d) If to Newco:

Attention: Robert (Nick) Horsley
Email: RNPSHORSLEY@gmail.com

A valid notice or other communication under this Agreement will be effective when the party to which it is addressed receives it. A party is deemed to have received a notice or other communication under this Agreement at the time and date indicated on the signed receipt or in the case of e-mail transmission the day of transmission; and, if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address (including change of an e-mail address) for which no notice was given, then upon that rejection, refusal or inability to deliver.

7.2 Assignment

No party may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other party hereto.

7.3 Binding Effect

This Agreement and the Arrangement will be binding upon and will enure to the benefit of the parties hereto and their respective successors and permitted assigns and, in the case of the Arrangement, will enure to the benefit of the Shareholders.

7.4 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting the same. Waivers may only be granted upon compliance with the terms governing amendments set forth in section 6.1 hereof, applied *mutatis mutandis*.

7.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and will be treated in all respects as a British Columbia contract. Each party irrevocably agrees to attorn to the exclusive jurisdiction of the courts of Vancouver, British Columbia, with respect to any legal proceedings arising herefrom.

7.6 Counterparts

This Agreement may be executed in one or more counterparts and delivered by facsimile or e-mail, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Agreement may be signed by electronic signature.

7.7 Superseding

This Agreement amends and supersedes the previously entered into agreement on April 18, 2016 between the Parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written.

PACIFIC THERAPEUTICS INC.

By: _./s/_ Robert (Nick) Horsley _____
Robert (Nick) Horsley, Director

CABBAY HOLDINGS CORP.

By: _./s/_ Robert (Nick) Horsley _____
Robert (Nick) Horsley, Director

Exhibit 1

TO THE ARRANGEMENT AGREEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288
OF THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*

1. INTERPRETATION

1.1 Definitions

In this Arrangement, unless there is something in the subject matter or context inconsistent therewith:

1.1.1 "**Arrangement**" means the arrangement proposed under the provisions of section 288 of the BCA on the terms set out in this Plan of Arrangement.

1.1.2 "**Arrangement Agreement**" means the amended and restated arrangement agreement, dated as of April 21, 2016 between PT and Newco to which this Plan of Arrangement is attached as Exhibit 1, as the same may be amended from time to time.

1.1.3 "**BCA**" means the British Columbia *Business Corporations Act*, as amended from time to time.

1.1.4 "**PT**" means Pacific Therapeutics Ltd., a corporation incorporated under the BCA.

1.1.5 "**Circular**" means the definitive form, together with any amendments thereto, of the management information circular of PT to be prepared and sent to the Shareholders in connection with the Meeting.

1.1.6 "**Class 1 Reorganization Ratio**" means the percentage resulting from the division of 1,379,887, as numerator, by the number of Class 1 Reorganization Shares issued on the Effective Date, as denominator. The ratio is 100% (1:1).

1.1.7 "**Class 1 Reorganization Shares**" means the shares without par value in the capital of PT to be issued as part of the Arrangement.

1.1.8 "**Common Share**" means the Class A common shares without par value in the capital of PT.

1.1.9 "**Court**" means the Supreme Court of British Columbia.

1.1.10 "**Director**" means a director of PT.

1.1.11 "**Effective Date**" means the date the Plan of Arrangement becomes effective with such date being the date as the Directors of PT may determine pursuant to a resolution of the board of directors;

1.1.12 "**Exchange**" means the Canadian Securities Exchange.

1.1.13 "**Final Order**" means the final order of the Court approving the Arrangement pursuant to the BCA.

1.1.14 "**holder**", when not qualified by the adjective "**registered**", means the person entitled to a share hereunder whether or not registered or entitled to be registered in respect thereof in the register of Shareholders of PT or Newco, as the case may be.

1.1.15 "**Interim Order**" means the interim order to be obtained from the Court, providing for a special meeting of the Common Shareholders to consider and approve the Arrangement and for certain other procedural matters as well as for the issue of a notice of hearing for the Final Order.

1.1.16 "**ITA**" means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.

1.1.17 "**Meeting**" means the annual and special meeting of shareholders which will be held on May 20, 2016 to consider, among other matters, the Arrangement, and any adjournment thereof.

1.1.18 "**New Common Shares**" means the new common shares without par value in the capital of PT to be issued as part of the Arrangement.

1.1.19 "**Asset Purchase Agreement**" means the asset purchase agreement between Forge Therapeutics Inc. and Pacific Therapeutics Ltd. dated July 23, 2015.

1.1.20 "**PUC**" means "paid-up capital" as defined in subsection 89(1) of the ITA.

1.1.21 "**Plan of Arrangement**" means this plan of arrangement, as it may be amended from time to time in accordance with section 6 of the Arrangement Agreement.

1.1.22 "**Shareholders**" means those persons who, as at the close of business on the Effective Date, are registered holders of Common Shares.

1.1.23 "**Newco**" means CABBAY HOLDINGS CORP., a private company incorporated under the BCA to facilitate the Arrangement.

1.1.24 "**Newco Common Share**" means the Class A common shares without par value which Newco is authorized to issue.

1.1.25 "**Newco Working Capital**" means the sum of $1,000.

1.1.26 "**Transfer Agent**" means Computershare Trust Company of Canada.

1.2 Headings

The division of this Plan of Arrangement into articles, sections, subsections and paragraphs, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "**this Plan of Arrangement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or other part hereof. Unless something in the subject

matter or context is inconsistent therewith, all references herein to articles, sections, subsections and paragraphs are to articles, sections, subsections and paragraphs of this Plan of Arrangement.

1.3 Extended Meanings

In this Plan of Arrangement, words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include individuals, partnerships, associations, firms, trusts, unincorporated organizations and corporations.

1.4 Currency

All references to currency herein are to lawful money of Canada unless otherwise specified herein.

2. ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the provision of the Arrangement Agreement.

3. SUMMARY OF THE ARRANGEMENT

3.1 Summary

This section 3.1 is only a summary and is qualified in its entirety by section 4.1 below.

3.1.1 This Arrangement is being effected as an arrangement pursuant to Section 288 of the BCA.

3.1.2 Subject to section 4.1 below, all holders of Common Shares as of the Share Distribution Date, except for dissenting holders of Common Shares, will exchange each Common Share for one New Common Share and one Class 1 Reorganization Share.

3.1.3 All Class 1 Reorganization Shares will be transferred to Newco for consideration consisting solely of Newco Common Shares in accordance with the Newco Reorganization Ratio.

3.1.4 All of the Class 1 Reorganization Shares owned by Newco will be redeemed for their aggregate redemption value and such redemption value will be satisfied in full by the transfer by PT to Newco of the Asset Purchase Agreement and the Newco Working Capital, after which the Class 1 Reorganization Shares will be cancelled.

3.1.5 Shareholders may dissent in relation to the resolution to approve the Arrangement pursuant to the provisions of the Interim Order and sections 237 to 247 of the BCA.

3.1.6 The exchange of Common Shares for New Common Shares and Class 1 Reorganization Shares; the transfer of the Class 1 Reorganization Shares to Newco in consideration of the issuance of Newco Common Shares and the redemption of the Class 1 Reorganization Shares and the transfer of the Asset Purchase Agreement and the Newco Working Capital to Newco will all occur on the Effective Date, in the order set out herein.

4. THE ARRANGEMENT

4.1 The Arrangement

On the Effective Date, the following will occur and be deemed to occur in the following order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of PT or of Newco, but subject to the provisions of section 5 of this Plan of Arrangement:

4.1.1 The articles and notice of articles of PT will be amended, as applicable, to authorize PT to issue an unlimited number of New Common Shares (to be designated as "**New Common shares**", or with such designation as decided by PT's board, in the amended articles and/or notice of articles, as applicable) and an unlimited number of Class 1 Reorganization Shares (to be designated as "**Class 1 Reorganization Shares**", or with such designation as decided by PT's board, in the amended articles and/or notice of articles, as applicable) , with the special rights and restrictions substantially in the form as set out in Exhibit 2 to the Arrangement Agreement attached hereto.

4.1.2 Each issued and outstanding Common Share held by holders of Common Shares, except those referred to in section 5.1, will be exchanged for one New Common Share and one Class 1 Reorganization Share, with (i) those who were a holder of Common Shares as of the Share Distribution Date and who had at that date more Common Shares than they have at the time of such exchange being issued such additional number of Class 1 Reorganization Shares (but not any additional New Common Shares) that equals the difference between the Common Shares they held at the Share Distribution Date minus the Common Shares they hold at the time of such exchange, (ii) those who were a holder of Common Shares as of the Share Distribution Date and who had at that date less Common Shares than they have at the time of such exchange only receiving such number of Class 1 Reorganization Shares that is equal to the number of Common Shares they held at the Share Distribution date but will receive number of New Common Shares that is equal to the Common Shares they hold at the time of the exchange , and (iii) those persons who are no longer existing Shareholders but who were holders of Common Shares as of the Share Distribution Date being issued such number of Class 1 Reorganization Shares (but not any New Common Shares) equal to the number of the Common Shares such persons held at the Share Distribution Record Date. In connection with such exchange/issuance:

(g) The issue price for each Class 1 Reorganization Share will be an amount equal to the fair market value, as determined by the Directors, of one Class 1 Reorganization Share immediately following the exchange provided for in this subsection.

(h) The Company will add to the stated capital account maintained by it for the Class 1 Reorganization Shares the lesser of the issue price thereof and $1.00.

(i) The issue price for each New Common Share will be an amount equal to the difference between (i) the fair market value for the Common Share for which it was, in part, exchanged immediately prior thereto and (ii) the amount determined in section 4.1.2(a) hereof.

(j) The Company will add to the stated capital account maintained by it for the New Common Shares an amount equal to the amount by which the PUC of the Common Shares, immediately before the exchange, exceeds the stated capital account of the Class 1 Reorganization Shares, as determined above.

(k) The amounts to be added to the stated capital accounts maintained by the Company for the New Common Shares and Class 1 Reorganization Shares shall, notwithstanding paragraph 4.1.2(b) above, not exceed the PUC of the Common Shares at the time of the exchange.

(l) Each Shareholder will cease to be the holder of the Common Shares so exchanged and will become the holder of New Common Shares and Class 1 Reorganization Shares issued to such Shareholder or person, as applicable. The name of such Shareholder will be removed from the register of holders of Common Shares with respect to the Common Shares so exchanged and the name of such Shareholder or person, as applicable, will be added to the registers of the holders of New Common Shares and Class 1 Reorganization Shares as the holder of the number of New Common Shares and Class 1 Reorganization Shares, respectively, so issued to such Shareholder or person.

4.1.3 No share certificate representing the Class 1 Reorganization Shares issued pursuant to 4.1.2 will be issued. The New Common Shares to be issued pursuant to paragraph 4.1.2 will be evidenced by the existing share certificates and/or direct registration statements ("**DRSs**") (as applicable) representing the Common Shares which will be deemed for all purposes thereafter to be certificates and/or DRSs representing New Common Shares to which the holder is entitled pursuant to the Arrangement, and no share certificates and/or DRSs representing such New Common Shares will be issued to the Common Shareholders, subject to any requirements by the Transfer Agent and/or any clearing or depository for securities, such as CDS to change such certificates and/or DRSs with new ones reflecting the issuances contemplated for the Arrangement, in which case the changing of such certificate and/or DRSs may occur after the Effective Date and prior to such change the current (pre-arrangement) certificates and/or DRSs are deemed to be representing the New Common Shares.

4.1.4 The Common Shares exchanged for New Common Shares and/or Class 1 Reorganization Shares pursuant to section 4.1.2 will be cancelled.

4.1.5 Each Shareholder or person who was a holder of Common Shares at the Share Distribution Date will transfer all of its Class 1 Reorganization Shares to Newco for consideration consisting solely of Newco Common Shares issued by Newco in accordance with the Newco Reorganization Ratio for the Class 1 Reorganization Shares so transferred. In connection with such transfer:

(c) The issue price for each Newco Common Share will be an amount equal to the fair market value of the fractional Class 1 Reorganization Share for which it was issued as consideration.

(d) Each holder of Class 1 Reorganization Shares so transferred will cease to be the holder of the Class 1 Reorganization Shares so transferred and will become the holder of Newco Common Shares issued to such holder. The name of such holder will be removed

from the register of holders of Class 1 Reorganization Shares with respect to the Class 1 Reorganization Shares so transferred and will be added to the register of holders of Newco Common Shares as the holder of the number of Newco Common Shares so issued to such holder, and Newco will be and will be deemed to be the transferee of Class 1 Reorganization Shares so transferred and the name of Newco will be entered in the register of holders of Class 1 Reorganization Shares as the holder of the number of Class 1 Reorganization Shares so transferred to Newco.

4.1.6 All of the Class 1 Reorganization Shares owned by Newco will be redeemed for their aggregate redemption value and such redemption value will be satisfied in full by the transfer by PT to Newco of the Asset Purchase Agreement and the Newco Working Capital and the redeemed Class 1 Reorganization Shares will be cancelled. NewCo hereby waives any notice requirements or other formalities associated with the redemption of the Class 1 Reorganization Shares, and its entry into this Agreement shall be evidence of its consent to waive any obligations the Company might have to provide notice of redemption or abide by any similar formality with respect to the redemption.

4.1.7 All other holders of Class 1 Reorganization Shares who were not holders of Common Shares as of the Share Distribution Record Date shall be deemed to have surrendered such shares back to PT for cancellation, and such shares shall be cancelled and the name of such holders removed from any registry of the Class 1 Reorganization Shares.

4.1.8 The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

5. RIGHT TO DISSENT

5.1 Right to Dissent

A Shareholder may exercise dissent rights ("**Dissent Rights**") conferred by the Interim Order in connection with the Arrangement in the manner set out in Section 238 of the BCA, as modified by the Interim Order, provided the Notice of Dissent is received by the Company by no later than 2 p.m. (Vancouver time) on May 18, 2016. Without limiting the generality of the foregoing, Shareholders who duly exercise such Dissent Rights will be deemed to have transferred such Common Shares, as of the Effective Date, without any further act or formality, to the Company in consideration of their entitlement to be paid the fair value of the Common Shares under the Dissent Rights.

6. CERTIFICATES

6.1 Entitlement to Share Certificates or DRSs

As soon as practicable after the Effective Date, Newco will cause the Transfer Agent to deliver share certificates and/or DRSs, as applicable, representing the Newco Common Shares to each of the holders of Newco Common Shares entitled to the same following the Arrangement.

6.2 Use of Postal Services

Any certificate or DRS which any person is entitled to receive in accordance with this Plan of Arrangement will (unless the Transfer Agent has received instructions to the contrary from or on behalf of such person prior to the Effective Date) be forwarded by regular mail, postage prepaid, or in the case of postal disruption in Canada, by such other means as the Transfer Agent may deem prudent.

7. AMENDMENT AND TERMINATION

7.1 Amendment and Termination

7.1.1 The Parties reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement made following the Meeting must be contained in a written document which, if required, is filed with the Court and if required by the Court, approved by the Court and communicated to Shareholders in the manner required by the Court.

7.1.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by any of the parties at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes without the need for further approval by PT Shareholders.

7.1.3 Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only if it is consented to by the Parties (acting reasonably) and, if required by the Court, approved by Shareholders voting in the manner directed by the Court.

7.1.4 This Plan of Arrangement may be withdrawn prior to the Effective Date in accordance with the terms of this Agreement.

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Exhibit 2
TO THE ARRANGEMENT AGREEMENT

SPECIAL RIGHTS AND RESTRICTIONS

4. **New Common Shares**

The New Common Shares will have the same rights and restrictions as the Common Shares.

5. **Class 1 Reorganization Shares**

The following special rights and restrictions are attached to the Class 1 Reorganization shares:

(g) Non-voting. The holders of the Class 1 Reorganization shares are not, as such, entitled to receive notice of or to attend or to vote at any general meetings of the shareholders of the Company.

(h) No dividends. No dividend shall be declared or paid at any time on the Class 1 Reorganization shares.

(i) Redemption Amount. The "**Redemption Amount**" of each Class 1 Reorganization share will be Cdn$1001 divided by the number of Class 1 Reorganization shares issued and outstanding on the effective date of the arrangement as contemplated in the amended and restated arrangement agreement dated April 21, 2016 between the Company and Newco, to which this Exhibit is attached to, payable in cash, promissory note, assets with a deemed value as determined by the board of directors of the Company, or any combination thereof.

(j) Redemption Price. The "**Redemption Price**" for each Class 1 Reorganization share shall be the Redemption Amount thereof.

(k) Redeemable. The Company may at any time redeem any Class 1 Reorganization share in accordance with the rules and procedures in Article 24.6 by paying to the holder thereof the Redemption Price thereof.

(l) Limited preferred entitlement on dissolution. In the event of a liquidation or dissolution of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, the holders of the Class 1 Reorganization shares will be entitled, before any distribution or payment of any amounts due to holders of the Pre-Arrangement Common shares, Common shares and Preferred shares as provided for in these articles, to receive the Redemption Price for each Class 1 Reorganization share held, and after such payment will not as such be entitled to participate in any further distribution of property or assets of the Company.

6. **Procedure for redemption of shares**

In the event the Company wishes to redeem one or more shares of a class in respect of which redemption by the Company is permitted under these articles (the "**Redeemable Shares**"):

(i) the Company shall give notice of redemption to each person who at the date of the notice is a holder of a Redeemable Share that is to be redeemed;

(j) a notice of redemption shall specify the date on which the redemption is to take place, the Redemption Price, and the number of Redeemable Shares to be redeemed from the holder to whom the notice is addressed;

(k) on or after the date specified for redemption, the Company shall, on the holder's presentation and surrender to the Company of all certificates representing the Redeemable Shares to be redeemed, pay or cause to be paid to or to the order of the holder of such shares the Redemption Price therefor;

(l) upon payment of the Redemption Price in respect of the Redeemable Shares to be redeemed as provided in paragraph (c), such shares will be redeemed and any certificate representing the shares will be cancelled;

(m) after the date specified for redemption, the holder of a Redeemable Share to be redeemed will not be entitled to exercise any of the rights of a shareholder in respect of that share unless payment of the Redemption Amount is not made on presentation of the certificate for that share in accordance with paragraph (c), in which case the rights of such holder will remain unaffected;

(n) if the holder of a Redeemable Share to be redeemed fails to present and surrender the certificate representing such share within 15 days after the date specified for the redemption, the Company may deposit the Redemption Price for such share to a special account in any chartered bank or trust company in British Columbia to be paid without interest to or to the order of such holder upon presentation and surrender to such bank or trust company of the certificate, and upon the making of such deposit every share in respect of which the deposit is made will be deemed to be redeemed and the rights of the holder thereof will be limited to receiving without interest the Redemption Price thereof against presentation and surrender of that certificate;

(o) the holder of a Redeemable Share may by instrument in writing waive notice of redemption of such share; and

(p) where a notice of redemption has been given, no transfer of any Redeemable Share specified in such notice may be made by the holder of such share unless the holder's rights with respect to that share have been restored under paragraph (e).

SCHEDULE C

INTERIM ORDER

INTERIM ORDER

No. S-163537
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTIONS 288 TO 299 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS AMENDED

- and -

IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG PACIFIC THERAPEUTICS LTD., CABBAY HOLDINGS CORP. and THE SHAREHOLDERS OF PACIFIC THERAPEUTICS LTD.

PACIFIC THERAPEUTICS LTD.

PETITIONER

INTERIM ORDER MADE AFTER APPLICATION

BEFORE	) THE HONOURABLE JUSTICE Sigurdson	April 19, 2016

ON THE APPLICATION of the Petitioner, Pacific Therapeutics Ltd. ("**PT**"), without notice, for an interim order pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002, c-57 ("**BCBCA**") coming on for hearing at Vancouver, B.C. on April 19, 2016 and on hearing Nicholas Ayling, counsel for the Petitioner, and on reading the 1st Affidavit of Robert Horsley sworn April 18, 2016 (the "**Horsley Affidavit**") filed herein, seeking an interim order for direction of the Court in connection with a proposed arrangement pursuant to sections 288 and 291 of the BCBCA.

THIS COURT ORDERS that:

I. DEFINITIONS

1. As used in this Interim Order Made After Application (the "**Interim Order**"), unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the draft Management Information Circular of PT (the "**Draft Circular**") attached as Exhibit "A" to the Horsley Affidavit.

II. THE MEETING

2. Pursuant to the BCBCA and the articles of incorporation, PT is authorized to call, hold and conduct an annual and special general meeting (the "**Meeting**") of the holders (the "**PT Shareholders**") of the Class A common shares of PT (the "**PT Shares**"), to be held at 3rd Floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9 , on May 20, 2016, at 2:00 p.m. (Vancouver time) for the following purposes:

8. to receive the financial statements of PT for the fiscal year ended December 31, 2015, and the report of the auditors thereon;

9. to consider, and, if deemed appropriate, to set the number of directors for the ensuing year at three;

10. to elect directors of PT for the ensuing year;

11. to appoint auditors of PT for the ensuing year and to authorize the directors to fix the remuneration of the auditors;

12. to consider, pursuant to the Interim Order of the Supreme Court of British Columbia to be obtained by PT and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Schedule A to the Draft Circular, which is attached as Exhibit "A" to the Horsley Affidavit, to approve the Arrangement under Section 288 of the *BCBCA* involving the Company and Cabbay Holdings Corp. (a wholly-owned subsidiary of the Company) ("**Newco**"); and

13. to consider other matters and to transact such other business, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any postponement or adjournment thereof.

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3. The record date for the Meeting (the "**Record Date**") for determining the PT Shareholders entitled to receive notice of, attend and vote at the Meeting shall be March 22, 2016 as approved by the board of directors of PT (the "**Board of Directors**"), and shall not change in respect of any adjournment or postponement of the Meeting.

4. The Meeting shall be called, held and conducted in accordance with the *BCBCA*, the Draft Circular as finalized and the PT articles, subject to the terms of this Interim Order.

5. The only persons entitled to attend the Meeting shall be the PT Shareholders as of the Record Date or their proxyholders, the PT Board, PT's auditors and advisors, PT's registrar and transfer agent, and any other person admitted on invitation or consent of the Chair of the Meeting.

III. ADJOURNMENTS

6. Notwithstanding the provisions of the BCBCA, PT, if it deems it so advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the PT Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by such method as PT may determine is appropriate in the circumstances, including by press release, news release, newspaper advertisement, or by notice sent to the PT Shareholders by one of the methods specified in paragraph 10 of this Interim Order.

7. The Record Date shall not change in respect of adjournments or postponements of the Meeting.

IV. AMENDMENTS

8. Prior to or after the Meeting, PT is authorized to make such amendments, revisions or supplements to the Arrangement in accordance with the Arrangement Agreement without any additional notice to the PT Shareholders, and the Arrangement as so amended, revised and supplemented shall be the Arrangement and the subject of the Arrangement Resolution.

V. NOTICE OF MEETING

9. The Draft Circular (as finalized and as will be posted on SEDAR and sent by PT's transfer agent to the PT Shareholders) is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the *BCBCA*, and PT shall not be required to send to the PT Shareholders any other or additional statement pursuant to section 290(1)(a) of the *BCBCA*.

VI. METHOD OF DISTRIBUTION OF MEETING MATERIALS

10. The Draft Circular, the notice of the Meeting, the form of proxy and the voting instructions form (collectively referred to as the "**Meeting Materials**") with such deletions, amendments or additions thereto as counsel for PT may advise as necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, shall be distributed not later than twenty-one (21) days prior to the Meeting as follows:

(a) in the case of the registered PT Shareholders, by unregistered mail, postage prepaid addressed to each registered PT Shareholder at his/her last address on the books of PT, mailed at least 21 days before the Meeting;

(b) in the case of the PT Board and auditors of PT, by pre-paid ordinary mail, by expedited parcel post, by email or by facsimile, by courier or by delivery in person, addressed to the individual directors and the auditors; and

(c) in the case of holders of the non-registered PT Shares, by providing copies of the relevant portion of the Meeting Materials to intermediaries and registered nominees for sending to beneficial owners in accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

Compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

11. Accidental failure of or omission by PT to give notice to any one or more PT Shareholders, directors or the auditors of PT or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of PT (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order, or in relation to notice to the PT Shareholders, the PT Board or the auditors of PT, a defect in the calling of the Meeting shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of PT then it shall use reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

12. Provided that notice of the Meeting and the provision of the Meeting Materials to the PT Shareholders takes place in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Meeting is waived.

VII. DEEMED RECEIPT OF NOTICE and SERVICE OF PETITION

13. The Meeting Materials shall be deemed, for the purposes of this Interim Order, to have been received:

(a) in the case of mailing, when deposited in a post office or public letter box;

(b) when provided to intermediaries and registered nominees; and

(c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

14. Mailing of the Notice of Hearing with the Meeting Materials in accordance with paragraph 10 of this Interim Order shall be good and sufficient service of notice of the Petition to the Court and the Horsley Affidavit on all persons who are entitled to be served. No other form of service need be made. No other material need be served on such persons

VIII. UPDATING MEETING MATERIALS

15. Notice of any amendments, updates or supplements to any of the information provided in the Meeting Materials, if required, may be communicated to the PT Shareholders by press release, news release, newspaper advertisement or by notice sent to the PT Shareholders by one of the methods specified in paragraph 10 of this Interim Order.

IX. QUORUM and VOTING

16. The quorum for the Meeting shall consist of at least 2 persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5 percent of the PT Shares.

17. The vote required to pass the Arrangement Resolution must, subject to further orders of the Court, be approved by no less than 66⅔% of the aggregate votes cast by the PT Shareholders as at the Record Date, present in person or represented by proxy at the Meeting, with each PT Shareholder having one vote for each PT Share.

18. For the purposes of counting votes respecting the Arrangement Resolution, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast and the PT Shares represented by such spoiled votes, illegible votes, defective votes and abstentions shall not be counted in determining the number of PT Shares represented at the Meeting. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

19. In all other respects, the terms, restrictions and conditions of the PT articles of incorporation will apply in respect of the Meeting.

X. SCRUTINEER

20. A representative of PT's registrar and transfer agent (or any agent thereof) is authorized to act as scrutineer for the Meeting.

XI. SOLICITATION OF PROXIES

21. PT is authorized to use proxies at the Meeting in accordance with the PT articles of incorporation. PT is authorized, at its own expense, to solicit proxies, directly and through its directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

22. The procedure for delivery, revocation and use of proxies at the Meeting shall be as set out in the Meeting Materials.

XII. DISSENT RIGHTS

23. PT Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their PT Shares in accordance with the provisions of sections 237 to 247 of the *BCBCA*. A dissenting shareholder who does not strictly comply with the dissent procedures set out in sections 237 to 247 of the *BCBCA* will be deemed to have participated in the Arrangement on the same basis as a non-dissenting shareholder.

24. A dissenting PT Shareholder must send a written objection to the Arrangement Resolution (the "**Notice of Dissent**") to:

PACIFIC THERAPEUTICS LTD.
605-815 Hornby Street
Vancouver, BC
Attention of: *Robert "Nick" Horsley*

By 2 p.m. (Vancouver time) on the second to last Business Day immediately preceding the date of the Meeting (being May 18, 2016) , or, in case of adjournment or postponement, no later than 2 p.m. (Vancouver time) on the day that is two business days before the reconvened Meeting.

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XIII. APPLICATION FOR FINAL ORDER

25. Upon the approval, with or without variation, by the PT Shareholders of the Arrangement, in the manner set forth in this Interim Order, PT may apply to this Court for an Order:

    (a) approving the Arrangement pursuant to section 291(4)(a) of the *BCBCA*; and

    (b) declaring that the terms and conditions of the Arrangement are substantively and procedurally fair with respect to the PT Shareholders pursuant to section 291(4)(c) of the *BCBCA*;

(collectively, the "**Final Order**") and that the hearing of the Final Order will be held on May 30, 2016, at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, B.C. or as soon thereafter as the hearing of the Final Order can be heard or at such other date and time as this Court may direct.

26. Any PT Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order. Any PT Shareholder seeking to appear at the hearing of the application for the Final Order shall:

    (a) file a Response to Petition, in the form prescribed by the *Supreme Court Civil Rules*, with this Court; and

    (b) serve the filed Response to Petition on the Petitioners' solicitors at:

        AFG Law LLP
        Suite 605 – 815 Hornby Street
        Vancouver, B.C., V6Z 2E6
        Attention: Nick Ayling

        by or before 10 a.m. (Vancouver time) on May 26, 2016.

27. In the event that the hearing for the Final Order is adjourned, only those persons who have filed and served a Response to Petition in accordance with this Interim Order need to be served and provided with notice of the adjourned hearing date.

28. The consideration by this Court of the fairness of the Arrangement and the requisite Court final approval of the Arrangement will constitute the basis for a claim of exemption by the Company under section 3(a)(10) of the U.S. Securities Act of 1933, as amended.

29. The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.

XVI. SERVICE OF COURT MATERIALS

30. PT will include in the Meeting Materials a copy of this Interim Order and the Notice of Hearing of Petition and will make available to any PT Shareholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit (collectively, the "**Court Materials**"). The service of the Petition and Affidavit in support of the within proceedings to any PT Shareholder requesting same is hereby dispensed with.

31. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

XIV. VARIANCE

32. PT is at liberty to apply to this Honourable Court to vary this Interim Order and for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order and such further and other relief as this Honourable Court may consider just.

33. Rules 8 and 16 of the *Supreme Court Civil Rules* will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

BY THE COURT

/s/

/s/
Registrar

APPROVED AS TO FORM:
/s/ "*Arash Farahmand*"
Signature of Lawyer for Pacific Therapeutics Ltd.
Lawyer: Arash Farahmand

SCHEDULE D

NOTICE OF HEARING

No. S-163537
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PACIFIC THERAPEUTICS LTD.

PETITIONER

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
AMONG PACIFIC THERAPEUTICS LTD., CABBAY HOLDINGS CORP. and
THE SHAREHOLDERS OF PACIFIC THERAPEUTICS LTD.

NOTICE OF HEARING OF PETITION

TO: THE SHAREHOLDERS OF PACIFIC THERAPEUTICS LTD.

AND TO: CABBAY HOLDINGS CORP.

NOTICE IS HEREBY GIVEN that a Petition has been filed by PACIFIC THERAPEUTICS LTD. (the "**Petitioner**") in the Supreme Court of British Columbia for approval of a plan of arrangement (the "**Arrangement**"), pursuant to the Business Corporations Act, S.B.C. 2002, Chapter 57, as amended.

AND NOTICE IS FURTHER GIVEN that by an Interim Order of the Supreme Court of British Columbia, pronounced April 19, 2016, the Court has given directions as to the calling of an annual general and special meeting of the holders of common shares in the capital of the Petitioner (the "**Shareholders**"), for the purpose, inter alia, of considering and voting upon the Arrangement and approving the Arrangement.

AND NOTICE IS FURTHER GIVEN that an application for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the Shareholders shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on May 30, 2016, at 9:45 a.m. (Vancouver time), or so soon thereafter as counsel may be heard (the "**Final Application**").

IF YOU WISH TO BE HEARD, any Shareholder affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition in the form prescribed by the Supreme Court Civil Rules and delivered a copy of the filed Response to Petition, together with all material on which such person intends to rely at such hearing of the Final Application, including an outline of such person's proposed submissions, to the Petitioner at the address for delivery set out below by or before 10 a.m. (Vancouver time) on May 26, 2016.

The Petitioner's address for delivery is:

AFG Law LLP

Suite 605 – 815 Hornby Street
Vancouver, B.C., V6Z 2E6
Attention: Nick Ayling

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST file and deliver a Response to Petition as described above. You may obtain a form of Response to Petition at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE TO PETITION and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Shareholders.

A copy of the said Petition and other documents in the proceedings will be furnished to any Shareholder upon request in writing addressed to the solicitors of the Petitioner at its address for delivery as set out above.

It is not known whether the matter will be contested and it is estimated that the hearing will take 20 minutes to be heard.

/s/ "*Arash Farahmand*"
SOLICITOR FOR THE PETITIONER

SCHEDULE E

PROCEDURE TO EXERCISE RIGHT OF DISSENT UNDER THE BCBCA

Pursuant to the Interim Order, Shareholders have the right to dissent to the Arrangement. Such right of dissent is described in the Circular. See "*Rights of Dissent*" for details of the right to dissent and the procedure for compliance with the right of dissent. The full text of Sections 237 to 247 of the BCBCA is set forth below. Note that certain provisions of Sections 237 to 247 may have been modified by the Interim Order.

SECTIONS 237 TO 247 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA):

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate

action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant

against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE F

PRO FORMA FINANCIAL STATEMENTS FOR
Pacific Therapeutics Ltd.

PACIFIC THERAPEUTICS LTD.

PRO-FORMA FINANCIAL STATEMENTS

DECEMBER 31, 2015

PACIFIC THERAPEUTICS LTD.

December 31, 2015

CONTENTS

PACIFIC THERAPEUTICS LTD.
PRO-FORMA CONDENSED STATEMENT OF FINANCIAL POSITION
(UNAUDITED – PREPARED BY MANAGEMENT)
AS AT DECEMBER 31, 2015
Expressed in Canadian Dollars

	December 31, 2015	Note	Pro-Forma Adjustments	Pro-Forma December 31, 2015
ASSETS				
Current				
Cash and cash equivalents	$0	2(b)	$10,000	$10,000
Prepaid expenses and deposits	12,951			12,951
Goods and services tax receivable	1,744			1,744
	$14,695			$24,695
Non-Current Assets				
Other Receivable	1			1
Intangible Assets	-			-
	$14,696			$24,696
LIABILITIES				
Current				
Bank overdraft	141			141
Accounts payable and accrued liabilities	333,034			333,034
Convertible note	62,460			62,460
Due to related parties	228,471			228,471
	624,106			624,106
SHAREHOLDERS' DEFICIENCY				
Share capital	2,800,010			2,800,010
Share committed for issuance	4,800			4,800
Share subscription receivable	-	2(b)	$10,000	10,000
Equity component of convertible note	1,080			1,080
Warrant and option reserve	121,939			121,939
Deficit	(3,537,239)			(3,537,239)
	(609,410)			(599,410)
	$14,696			$24,696

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED PRO-FORMA CONDENSED FINANCIAL STATEMENTS

PACIFIC THERAPEUTICS LTD.
Notes to Pro-Forma Condensed Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
December 31, 2015

1. BASIS OF PRESENTATION

The unaudited pro-forma condensed financial statements of Pacific Therapeutics Ltd. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards from information derived from the December 31, 2015 financial statements of the Company, together with other information available to the Company. The unaudited pro-forma condensed financial statements have been prepared for inclusion in the Management Information Circular of the Company, which contains the details of the Plan of Arrangement (the "Arrangement") between the Company and Cabbay Holdings Corp ("Cabbay"), currently a wholly-owned subsidiary of the Company.

Pursuant to the Arrangement, Cabbay will issue its class A common shares to persons who were shareholders of the Company as of the Share Distribution Date (defined in the "Arrangement"), and the Company will transfer its asset purchase agreement with Forge Therapeutics Inc. ("Forge") and $1,000 to Cabbay. The Company's remaining assets and the balance of its working capital will remain with the Company. In the opinion of the Company's management, the unaudited pro-forma condensed statement of financial position includes all adjustments necessary for the fair presentation of the transactions described herein.

The unaudited pro-forma condensed financial statements should be read in conjunction with the December 31, 2015 financial statements of the Company.

The unaudited pro-forma financial statements of the Company have been compiled from and include:
a) the condensed statement of financial position of the Company as at December 31, 2015; and
b) the additional information set out in these Notes.

The unaudited pro-forma condensed financial statements of the Company have been compiled using the significant accounting policies as set out in the Company's audited financial statements for the period ended December 31, 2015 and those accounting policies expected to be adopted by the Company.

The unaudited pro-forma condensed financial statements are not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS

The unaudited pro-forma condensed financial statements were prepared based on the following assumptions:

a) Pursuant to the Arrangement, the Company will transfer $1,000 and the mentioned agreement with Forge to Cabbay which has been given a deemed value of $1.

b) The Company will issue 100,000 new common shares from Treasury to related parties for proceeds of Plan of Arrangement $10,000 at $0.10 per share.

3. EFFECTIVE TAX RATE

The combined federal and provincial effective tax rate for 2015 will be 26%.

SCHEDULE G

AUDITED FINANCIAL STATEMENTS FOR
CABBAY HOLDINGS CORP.

CABBAY HOLDINGS CORP.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 6, 2016

TO MARCH 31, 2016

CABBAY HOLDINGS CORP.

March 31, 2016

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Directors of
Cabbay Holdings Corp.

We have audited the accompanying financial statements of Cabbay Holdings Corp., which comprise the statement of financial position as at March 31, 2016, and the statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the period from incorporation on March 6, 2016 to March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cabbay Holdings Corp. as at March 31, 2016 and its financial performance and its cash flows for the period from incorporation on March 6, 2016 to March 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Cabbay Holdings Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 19, 2016

CABBAY HOLDINGS CORP.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

Expressed in Canadian Dollars

	2016
ASSETS	
Current	
Cash	$ 93
	$ 93
LIABILITIES	
Current	
Accounts payable and accrued liabilities (Note 3)	$ 5,770
	5,770
SHAREHOLDERS' DEFICIENCY	
Share capital (Note 4)	1
Deficit	(5,678)
	(5,677)
	$ 93

Approved by the director

"Robert Horsley"

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CABBAY HOLDINGS CORP.

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the period from incorporation on March 6, 2016 to March 31, 2016

Expressed in Canadian Dollars

	2016
Expenses:	
Accounting fee	$ 420
Audit fee	5,250
Bank charges	8
Loss from Operations	5,678
Net loss and comprehensive loss for the period	$ (5,678)
Loss per share – basic and diluted	$ (5,678)
Weighted average number of shares Outstanding - basic and diluted	1

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CABBAY HOLDINGS CORP.

Statement of Cash Flows

Expressed in Canadian Dollars

	Period from incorporation on March 6, 2016 to March 31, 2016
Operating Activities	
Net loss for the period	$ (5,678)
Changes in non-cash working capital item related to operations:	
Accounts payable and accrued liabilities	5,670
Cash used in operating activities	(8)
Financing Activities	
Proceeds from issuance of Common Share	1
Due to related parties	100
Cash provided by financing activities	101
Increase in cash during the period	93
Cash, beginning of the period	-
Cash, end of the period	$ 93

CABBAY HOLDINGS CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

Period from incorporation on March 6, 2016 to March 31, 2016

Expressed in Canadian Dollars

	Number of Shares	Share Capital	Deficit	Total
		$	$	$
Balance, March 6, 2016 (date of incorporation)	-	-	-	-
Common Shares issued	1	1	-	1
Loss for the period	-	-	(5,678)	(5,678)
Balance, March 31, 2016	1	1	(5,678)	(5,677)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Cabbay Holdings Corp.

Notes to Financial Statements
Period from Incorporation on March 6, 2016 to March 31, 2016

1. Nature of Operations

Cabbay Holdings Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 605 – 815 Hornby Street Vancouver, British Columbia V6Z 2E6. The registered and records office of the Company is located at the same address.

The Company's primary business is to complete a Plan of Arrangement with PT (the "Plan of Arrangement") whereby the Company becomes the holder of certain contingent assets due from Forge Therapeutics Inc. ("Forge"), which were acquired from Forge by PT in return for the rights to Intellectual Property, patents, and technology related to the fibrosis and ED drug development programs.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2016, the Company has no source of revenue, does not generate cash flows from operating activities. The Company had a net loss from incorporation on March 6, 2016 to March 31, 2016 of $5,678 and an accumulated deficit at March 31, 2016 of $5,678.

The Company is currently subject to risks and uncertainties related to the negotiation and regulatory approval surrounding the Plan of Arrangement. On completion of the Plan of Arrangement the Company will become subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These audited financial statements have been prepared on an accrual basis.

2. **Significant Accounting Policies** (continued)

and are based on historical costs, modified where applicable. They are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The Company has not identified any significant areas subject to estimates.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(e) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

2. **Significant Accounting Policies** (continued)

(f) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The

classification depends on the purpose for which the financial assets were acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

2. **Significant Accounting Policies** (continued)

The Company has classified its cash at fair value through profit or loss.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

(g) Recent accounting pronouncements

The Company has reviewed recent accounting pronouncements issued by the IASB and IFRIC which are not yet effective, but have not identified any that will have a material impact on the Company.

3. **Related Party Transactions**

Included in accounts payable and accrued liabilities is $100 advanced by a director of PT to the Company. The advance does not bear interest and has no set terms of repayment.

4. **Share Capital**

The Company has authorized an unlimited amount of Class A common shares without par value. As at March 31, 2016 the Company has 1 common share outstanding which was issued to PT for proceeds of $1.

5. **Income Taxes**

At March 31, 2016, the Company had the following unrecognized deferred tax assets: non-capital losses of $1,476. These non-capital losses accumulated during the period from incorporation on March 6, 2016 to March 31, 2016 based on the Company's net loss of $5,678 during this period at the tax rate of 26% and, if unused, will expire in 2036.

6. **Capital Disclosures**

The Company considers its capital under management to be comprised of shareholders' deficiency and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

7. **Financial Instruments and Risk**

As at March 31, 2016, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

7. **Financial Instruments and Risk** (continued)

Liquidity Risk

The Company's financial liabilities consist of $5,770 in accounts payable and accrued liabilities. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

At March 31, 2016, the Company is not exposed to significant interest rate risk as it has no interest bearing debt.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash is measured using level 1 fair value inputs.

8. **Subsequent events**

On April 18, 2016 the Company entered into an arrangement agreement with PT pursuant to which PT will transfer $1,000 and PT's asset purchase agreement with Forge to the Company, and PT shareholders of record as of March 22, 2016 will receive 100% of the voting shares of the Company.

SCHEDULE H

Pacific Therapeutics Ltd. (the “Corporation”)

AUDIT COMMITTEE CHARTER

I PURPOSE

The Audit Committee (the "Committee") will consist of a majority of independent directors and is appointed by the Board of Directors (the "Board") of Pacific Therapeutics Ltd. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;

- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;

- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;

- select and monitor the independence and performance of the Corporation's outside auditors (the "Independent Auditors"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Canadian Securities Exchange ("CSE"), the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.

2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

3. Each member of the Committee shall be “financially literate” (as defined by applicable securities laws and regulations).

4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.

4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.

5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.

6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.

7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE I

Stock Option Plan

2016 STOCK OPTION PLAN

Pacific Therapeutics Ltd. (the "Corporation") hereby establishes the stock option plan to be known as the 2016 Pacific Therapeutics Stock Option Plan as amended from time to time (the "Plan). The purpose of the plan is to advance the interests of the Corporation by providing additional incentive for performance by employees, officers, directors and Service Providers of the Corporation and its Subsidiaries and to enable the Corporation and its Subsidiaries to attract and retain employees, officers, directors and service providers.

The terms of the Plan are as follows:

1. DEFINITIONS

1.1 **Definitions** In this Plan, the following terms shall have the following meanings, unless otherwise indicated:

a) "Associates" shall have the same meaning as is assigned to that term in the Securities Act (Ontario) as amended or re-enacted from time to time.

b) "Board" means (i) the board of directors of the Corporation, or (ii) if the board of directors delegates the powers and responsibilities of the board of directors under this Plan to a compensation committee, that committee.

c) "Controlling Shareholder" means the individual who controls a personal holding company which is granted Options.

d) "Eligible Person" means (i) an employee, officer, director or service provider of the Corporation or its Subsidiaries, or the estate of that individual, (ii) any personal holding company controlled by an employee, officer, director or service provider of the Corporation or its Subsidiaries, (iii) an RRSP or RRIF established by or for an employee, officer, director or service provider of the Corporation or under which any employee, officer, director or service provider of the Corporation is a beneficiary, or (iv) a partnership of which a service provider of the Corporation is an employee or partner. Absence on approved leave shall not be considered an interruption of employment for any purpose of this Plan.

e) "For Cause" means the termination of a Participant, or a Participant's Controlling Shareholder, as an employee, officer, director or Service Provider of the Corporation or a Subsidiary for any reason which at law, or under the terms of the contract with that individual, allows for termination without notice or compensation in lieu of notice.

f) "Market" means the Canadian Securities Exchange so long as the Shares are quoted on that Exchange. If the Shares are listed on another stock exchange, the Market shall be that stock exchange.

g) "Option" means an option to purchase Shares granted under this Plan.

h) "Participant" means an individual or company to whom an Option has been granted.

i) “Related Person” means a director or senior officer of the Corporation or an associate of a director or senior officer of the Corporation (and for this purpose the term “senior officer” shall have the same meaning as is assigned to that term in the Securities Act (Ontario) as amended or re-enacted from time to time).

j) "Service Provider" means an individual, other than an employee, officer or director of the Corporation, that (i) is engaged to provide on a bona fide basis consulting, technical, management or other services to the issuer or to Subsidiary under a written contract between the issuer or the Subsidiary entity and the individual or a company of which that individual is an employee or shareholder or a partnership of which that the individual is an employee or partner, and (ii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or Subsidiary.

k) "Shares" means (i) common shares in the capital of the Corporation, or (ii) if there is an adjustment under Article 5, such other shares or securities to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment.

l) "Subsidiary" means a subsidiary of the Corporation, as the term "subsidiary" is defined in the Business Corporations Act (British Columbia), as it may be amended.

1.2 **Control Defined** For the purpose of this Plan, a corporation shall be deemed to be controlled by an individual if voting securities of the Corporation are held, otherwise than by way of security only, by or for the benefit of that individual and the votes carried by such securities are sufficient to elect a majority of the board of directors of the corporation.

1.3 **Interpretation** Words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders. The headings in this document are for convenience of reference and do not affect the construction or interpretation of this Plan.

2. GRANT OF OPTIONS

2.1 **Granting Options** The Board may at any time, and from time to time, grant Options to one or more Eligible Persons. In granting Options, the Board shall specify:

a) the number of Shares which may be purchased under the Option;

b) the price or prices at which Shares may be purchased under the Option;

c) the term of the Option, or the expiry date of the Option;

d) if the Board so decides, the condition or conditions which must be satisfied prior to the Option becoming exercisable; and

e) such other terms and conditions which the Board may wish to include in the Option and which are not inconsistent with the terms of this Plan. Options may be granted at or in anticipation of the time a Participant becomes an Eligible Person, or at any other time the Board deems appropriate.

2.2 **Exercise Price** At the time of grant of an Option, the Board shall fix the exercise price of the Option (the “Exercise Price”), which shall not be less than the greater of the closing market price of the shares on (a) the trading day immediately prior to the date of grant of the Options; and (b) the date of grant of the Options as permitted by the rules of the Canadian Securities Exchange.

2.3 **Exercise of the Option** Subject to the provisions of this Plan and the Option, an Option may be exercised in whole or, from time to time, in part by delivery to the Corporation of (a) a written notice of exercise specifying the

number of Shares with respect to which the Option is being exercised, and (b) payment of the Exercise Price of the Shares being purchased.

2.4 **Compliance with Securities Requirements** Notwithstanding any other provision of this Plan or any Option, the
Corporation's obligation to issue Shares to a Participant pursuant to the exercise of an Option shall be subject to:

a) the Corporation obtaining such approvals, registrations and qualifications as the Corporation determines to be necessary or advisable for the issuance of the Shares in compliance with applicable securities laws or the rules of any stock exchange (or quotation system) on which the class of Shares is then listed (or quoted); and

b) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in the Shares, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

No Option shall be granted and no Shares shall be issued under this Plan where such grant or issue would require registration of the Plan or the Shares under the securities laws of any jurisdiction other than the Province of BC and any purported grant of any Option or issuance of Shares in violation of this provision shall be void.

2.5 **Share Certificates** Share certificates shall be delivered to a Participant as soon as is reasonable following the issuance of Shares to that Participant under this Plan.

3. MAXIMUM SHARES UNDER OPTION

3.1 **Plan Maximum** Subject to regulatory approval, the maximum number of the Issuer's Shares reserved for issuance pursuant to Options granted under the Plan will, at any time, be no more than 10% of the number of Shares then outstanding.

The Company wishes to set its 2016 rolling stock option plan (the "Plan"), authorizing the issuance of incentive stock options to directors, officers, employees and consultants up to an aggregate of 10% of the issued shares from time to time. There are currently 6,235,885 Shares issued and outstanding and therefore the current 10% threshold is 623,588 shares under the Plan. Notwithstanding the foregoing, the Plan Maximum shall be adjusted in accordance with the operation of Article 5, any Shares subject to an Option which is cancelled or terminated without having been exercised shall again be available to be granted under this Plan.

3.2 **Individual Maximum** The maximum number of Shares which may be reserved for issuance under this Plan to anyone person and that person's associates shall be 5% of the Shares outstanding at the time of the grant of an Option less the aggregate number of Shares reserved for issuance to such person and that person's associate under any other option to purchase Shares from treasury granted as compensation or an incentive. An Option shall not be granted to any person if the number of Shares which would thereafter be reserved for issuance to that person and that person's associates under this Plan, together with all Shares issued to that person or that person's associates under all of the Corporation's other compensation or incentive arrangements or plans providing for such compensation or incentive arrangements, could result at any time in the issuance to that person and that person's associates, within a 12 month period, of a number of Shares exceeding 5% of the outstanding Shares of the Corporation. For the purpose of this paragraph, the outstanding shares of the Corporation shall not include Shares issued as compensation or an incentive to any officer or director of the Corporation or an affiliated entity (as that term is defined in Rule 45-503 of the Ontario Securities Commission, or any successor rule) during the 12 months preceding the date on which the determination is being made.

4. TERMINATION OF OPTION

4.1 **Termination of Options** Every Option, to the extent not validly exercised, shall terminate at 5:00 p.m. (Vancouver time) on the earlier of the following dates:

a) the last day on which the Option, by its terms, may be exercised;

b) 180 days after the death of the Participant or the Participant's Controlling Shareholder;

c) 90 days after the Participant or the Participant's Controlling Shareholder is terminated as an employee, officer, director or service provider of the Corporation by reason of permanent disability or retirement under any retirement plan of the Corporation or any Subsidiary;

d) immediately upon the termination For Cause, or resignation, of the Participant or the Participant's Controlling Shareholder as an employee, officer, director or service provider of the Corporation or a Subsidiary; and

e) 90 days after the Participant or the Participant's Controlling Shareholder ceases to be an employee, officer, director or service provider of the Corporation for any reason other than those referred to above. Without limitation, this provision will apply upon the termination not For Cause of the Participant or the Participant's Controlling Shareholder as an employee, officer, director or service provider of the Corporation (regardless of whether the Participant or the Participant's Controlling Shareholder is entitled to more than 90 days notice of termination).

4.2 **Unexercised Rights** If an Option is terminated, any unexercised rights to acquire Shares under that Option shall terminate and be of no further force or effect.

5. ADJUSTMENTS

5.1 **Adjustments to Shares** If, while an Option is outstanding, any of the following events (an "Adjusting Event") shall occur:

a) a subdivision of the Shares into a greater number of Shares,

b) a consolidation of the Shares into a lesser number of Shares,

c) a reclassification or change of the Shares,

d) a capital reorganization of the Corporation not otherwise covered in this section, or

e) a consolidation, amalgamation or merger of the Corporation with or into any other entity,

then the number and type of securities to be issued to the Participant upon exercise of the Option shall be adjusted so that the Participant shall receive the same number and type of securities as the Participant would have received as a result of the Adjusting Event if the portion of the Option so exercised had been exercised before the Adjusting Event. The adjustments provided for in this section shall be cumulative. The Corporation shall not be obligated to issue fractional shares in satisfaction of any of its obligations under this section.

5.2 **Rights Offerings** If the Corporation grants its shareholders the right to subscribe for or purchase additional securities of the Corporation or of any other corporation or entity, there shall be no adjustment made to any Option in consequence thereof.

5.3 **Dividends in Specie** If the Corporation pays a dividend in securities of the Corporation or of any other corporation or entity, there shall be no adjustment made to any Option in consequence thereof.

6. OTHER TERMS

6.1 **General** The following is included in the Corporation’s incentive stock option plan:

(i) An Option is personal to the Participant and may not be assigned or transferred, except to the estate of the Participant upon the Participant's death;

(ii) An Option can be exercisable for a maximum of five years from the date of grant;

(iii) No more than 5% of the issued shares of the Corporation may be granted to any one individual in any 12 month period;

(iv) the issuance of Shares to insiders pursuant to the Plan within a 12 month period may not exceed 10% of the outstanding Shares;

(v) the issuance of Shares to any one Consultant (as such term is defined in the Canadian Securities Exchange Corporate Finance Manual) pursuant to the Plan within a one year period may not exceed 2% of the outstanding Shares.

(vi) The terms of the Option may not be amended once issued; and

(vii) For stock options granted to Employees, Consultants or Management Company Employees, the Corporation represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

(viii) Options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within 90 days after the Optionee ceases to be in at least one of those categories; and

(ix) Options granted to an Optionee who is engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities.

6.2 **Disinterested Shareholders** The Corporation must obtain disinterested Shareholder approval of stock options if a stock option plan, together with all of the Issuer's previously established and outstanding stock option plans or grants, could result at any time in:

a) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the issued shares; and

b) the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the issued shares.

6.3 **Employment** Nothing in this Plan or any Option shall (a) confer upon any Participant any right to continue in the employ of the Corporation or any Subsidiary, or (b) affect in any way the right of the Corporation or any such Subsidiary to terminate a Participant's employment at any time.

6.4 **Shareholder Rights** A Participant shall have no rights whatsoever as a shareholder in respect of any of the Shares which may be purchased under an Option until the Shares have been issued.

6.5 **Notice** Any notice or other communication required or permitted to be given under this Plan or any Option (a "Notice") shall be in writing and may be made or given by registered mail, personal delivery, courier, or transmittal by telecopy, addressed as follows:

a) in the case of the Corporation, to the attention of the Secretary of the Corporation at the principal business office of the Corporation, and

b) in the case of a Participant, to the last address of the Participant known to the Corporation. Any Notice given by mail or personal delivery or courier shall be deemed to have been given and received on the date of actual delivery, and any Notice given by telecopy shall be deemed to have been given and received on the first business day following the transmittal thereof. For the purpose of this section, a business day

means a day, other than a Saturday or Sunday, which is generally a business day for chartered banks in the municipality in which the principal business office of the Corporation is located.

6.6 **Governing Law** This Plan shall be governed by, administered and construed in accordance with the laws of the Province of British Columbia.

7. ADMINISTRATION

7.1 **Administration** This Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of this Plan, and to amend, rescind and waive provisions of this Plan. The Board shall be entitled to prescribe rules and regulations concerning the administration of this Plan, and to amend, rescind, and waive those rules and regulations. All decisions, interpretations, rules and regulations made by the Board shall be binding and conclusive on the Participants and the Corporation.

7.2 **Delegation to a Committee** The Board shall be entitled to delegate the administration of this Plan, and the powers and responsibilities of the Board under this Plan, to a Compensation and Governance committee of the Board.

7.3 **Amendment or Termination of this Plan** From time to time, the Board may amend, delete or waive any provision or provisions of this Plan. The Board may terminate this Plan at any time. The effect of the termination of this Plan shall be that no further Options may be issued under this Plan after such termination, but the termination of this Plan shall not result in the termination of any outstanding Options. No amendment shall be effective to the extent that it adversely affects any Option granted prior to the date of that amendment.

7.4 **Form of Documents** The Board may from time to time prescribe the form of the documents to be used in connection with the grant and exercise of Options and the administration of this Plan.

7.5 **Plan Approvals** This Plan shall not become effective until (i) all approvals have been received as required from the Canadian Securities Exchange, and (ii) the shareholders of the Corporation have approved the Plan. The Board of Directors may grant Options under this Plan prior to the satisfaction of the conditions set out in this section, provided that such Options shall not become exercisable until the conditions set out in this section have been satisfied.