

**CERTIVE SOLUTIONS INC.**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
OF CERTIVE SOLUTIONS INC.  
TO BE HELD ON SEPTEMBER 19, 2016**

**NOTICE OF MEETING AND  
MANAGEMENT INFORMATION CIRCULAR**

August 17, 2016

## **SUMMARY**

The following is a summary of information relating to Certive Solutions Inc. (the “Company”) and certain other matters and should be read together with the more detailed information and financial statements and accompanying management’s discussion and analysis contained elsewhere in this Information Circular. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Information Circular and the schedules attached hereto.

### **THE MEETING**

The annual general and special meeting of shareholders of the Company (the “Meeting”) will be held in the boardroom of Buttonwood Law Corporation, Suite 1100, 1111 Melville Street, Vancouver, British Columbia, at 10:00 a.m. (Vancouver time) on September 19, 2016. The record date for determining the shareholders eligible to vote at the Meeting is July 19, 2016. At the Meeting, the shareholders will be asked, among other things, to vote on the election of directors; the appointment of an auditor; approval of a stock option plan; approval of a special resolution authorizing amendments to the articles of the Company to, among other things, create a new class of preferred shares; approval of a special resolution authorizing the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company; and approval of an ordinary resolution ratifying, confirming, and adopting all actions, deeds, and proceedings of the board of directors done prior to and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company.

### **THE BUSINESS OF THE COMPANY**

The common shares of the Company are listed and posted for trading on the Canadian Securities Exchange under the symbol “CBP” and on the OTCQB Venture Market under the symbol “CTVEF”.

The Company’s continuous disclosure filings, including its financial statements and accompanying management’s discussion and analyses, can be found under its profile on [www.sedar.com](http://www.sedar.com).

### **THE BUSINESS OF THE MEETING**

- To fix the number of directors for the ensuing year at six (6).
- To elect directors for the ensuing year.
- To appoint the auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors.
- To consider and, if thought advisable, to pass, with or without variation, a special resolution to authorize amendments to the articles of the Company to, among other things, create a new class of preferred shares, the Class A Preferred Shares, the purpose of which is to compensate directors, officers, and consultants of the Company, and to ensure a control position is vested with management in the event a significant acquisition results in significant dilution to management’s shareholdings.
- To consider and, if thought advisable, to pass, with or without variation, a special resolution authorizing the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company.

- To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution ratifying, confirming, and adopting all actions, deeds, and proceedings of the board of directors done prior to and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company.
- To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to affirm, ratify, and approve the Company's stock option plan.
- To transact such other business as may properly come before the Meeting or any adjournments thereof.

**CERTIVE SOLUTIONS INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS TO BE HELD ON  
SEPTEMBER 19, 2016**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting of the shareholders of Certive Solutions Inc. (“Certive” or the “Company”) will be held in the boardroom of Buttonwood Law Corporation, Suite 1100, 1111 Melville Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on September 19, 2016 (the “Meeting”), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended May 31, 2015, together with the report of the auditors thereon;
2. to fix the number of directors of the Company at six (6) and to elect the directors of the Company;
3. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution re-appointing Buckley Dodds Parker LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration of the auditors, as more particularly set out in the accompanying management information circular (the “Circular”);
4. to consider and, if thought advisable, to pass, with or without variation, a special resolution to authorize amendments to the articles of the Company to, among other things, create a new class of preferred shares, the Class A Preferred Shares, all as set forth in the Circular, for the purpose of compensating directors, officers, and consultants to the Company and ensuring that management retains control in the event they face significant dilution as a result of a significant acquisition.
5. to consider and, if thought advisable, to pass, with or without variation, a special resolution authorizing the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company;
6. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution ratifying, confirming, and adopting all actions, deeds, and proceedings of the board of directors done prior to and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company;
7. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form set out in the accompanying Circular, approving the incentive stock option plan of the Company (the “Stock Option Plan”);
8. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Details of the foregoing matters are contained in the accompanying Circular of the Company.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its executed form of proxy with the Company's transfer agent and registrar, **Computershare Trust Company of Canada, c/o the Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, Fax number: 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the US), on or before 10:00 a.m. (Vancouver time) on September 14, 2016**, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used, or by delivering it to the Chair of the Meeting before the time of voting on the day of the Meeting or any adjournment thereof.

DATED: August 17, 2016.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

(signed) "Van Potter"

Chief Executive Officer

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

*By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

## **CERTIVE SOLUTIONS INC.**

### **MANAGEMENT INFORMATION CIRCULAR**

As at August 17, 2016

### **SOLICITATION OF PROXIES BY MANAGEMENT**

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Certive Solutions Inc. (“Certive” or the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders of the Company to be held in the boardroom of Buttonwood Law Corporation, Suite 1100, 1111 Melville Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on September 19, 2016 and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Solicitations may be made by mail and supplemented by telephone or other personal contact by the officers, employees or agents of the Company without special compensation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the common shares of the Company (the “Shares”). The cost of any such solicitation will be borne by the Company.**

The Board of Directors of the Company has fixed the record date for the Meeting to be the close of business on **July 19, 2016** (the “**Record Date**”). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder of the Company) to attend and represent him or her at the Meeting, other than those persons named in the enclosed form of proxy. A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy, or by completing another proper form of proxy.** A form of proxy will not be valid unless it is completed, dated, signed and delivered to the office of the registrar and transfer agent of the Company, Computershare Trust Company of Canada (“**Computershare**”), **8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, Fax number: 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the U.S.),** not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A proxy may be revoked by depositing an instrument in writing, executed by the shareholder or his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation at the office of Computershare, **8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, Fax number: 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the US)**, at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used.

In addition, a proxy may be revoked by the shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Company within the time period set out under the heading "Voting of Proxies", or by the shareholder personally attending the Meeting or any adjournment thereof and voting his or her Shares. Any revocation made or delivered at the Meeting or any adjournment thereof shall be valid only with respect to matters not yet dealt with at the time such revocation is received by the Chairman or the Scrutineer of the Meeting.

### **VOTING OF PROXIES**

All Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote IN FAVOUR of:**

- (i) The election of directors;**
- (ii) The appointment of auditors;**
- (iii) The special resolution authorizing amendments to the articles of the Company to, among other things, create a new class of preferred shares, the Class A Preferred Shares, the purpose of which is to compensate directors, officers, and consultants to the Company and maintain management's control position in the event of significant dilution resulting from a significant acquisition.**
- (iv) The special resolution authorizing the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company;**
- (v) The ordinary resolution ratifying, confirming, and adopting all actions, deeds, and proceedings of the board of directors done prior to and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company;**
- (vi) The ordinary resolution adopting, ratifying, and confirming the incentive stock option of the Company (the "Stock Option Plan"). The current plan is a 20% rolling plan as allowable pursuant to the policies of the Canadian Securities Exchange.**

**The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Circular, the Company is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Company.**

Proxies, to be valid, must be deposited at the office of Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, Fax number: 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the U.S.), not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

### **NON-REGISTERED SHAREHOLDERS**

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the common shares, such as securities dealers or brokers, banks, trust companies, and trustees, as administrators of self-administered RRSPs, RRIFs, RESPs, and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with NI 54-101, the Company has distributed copies of the notice of meeting and this Circular (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries, for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a “**voting instruction form**”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The Non-Registered Holder will generally be given a page of instructions which contains a removable label containing a bar code and other information. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the computerized form, properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number, or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, Fax number: 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the U.S.).

In either case, the purpose of these procedures is to permit the Non-Registered Holder to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and



return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare at the address set out above.

**In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.**

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares, of which 67,085,477 Shares are issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Share held.

The holders of Shares of record at the close of business on the record date, set by the directors of the Company to be July 19, 2016 (the “**Record Date**”), are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held.

To the knowledge of the directors and senior officers of the Company, as at the date hereof, the following persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Shares of the Company. Information as to the number of Shares beneficially owned, directly or indirectly or over which control or direction is exercised by the persons noted below is in each case based upon information furnished by the individual and is as at August 17, 2016.

<b>Shareholder and Municipality of Residence</b>	<b>Number of Shares</b>	<b>Percentage of Shares</b>
VHP Holdings LLC <sup>(1)</sup>	3,982,463 Shares (consisting of 3,045,796 Shares currently held and 936,667 Shares to be issued upon the exercise of outstanding warrants)  2,758,709 stock options	5.94% (10.05% assuming the exercise of outstanding stock options)
DRC Consulting Services LLC, Phoenix, Arizona <sup>(2)</sup>	4,085,796 Shares (consisting of 3,130,796 Shares currently held and 955,000 Shares to be issued upon the exercise of outstanding warrants)  2,758,708 stock options	6.09% (10.20% assuming the exercise of outstanding stock options)

(1) VHP Holdings LLC is a company controlled by Van Potter, the Chief Executive Officer and a director of the Company.

(2) DRC Consulting Services LLC is a company controlled indirectly by Brian Cameron, the Chief Financial Officer and a director of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (i) the receipt of the financial statements; (ii) the election of directors; (iii) the appointment of auditors; (iv) the special resolution authorizing amendments to the articles of the Company to, among other things, create a new class of preferred shares; (v) the special resolution authorizing the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company; (vi) the ordinary resolution ratifying, confirming, and adopting all actions, deeds, and proceedings of the board of directors done prior to and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company; and (vii) the approval of the Company's Stock Option Plan.

### I. Presentation of the Audited Annual Financial Statements

The audited financial statements of the Company for the fiscal year ended May 31, 2015, together with the auditor's report thereon, will be presented to shareholders at the Meeting. The financial statements and the accompanying management's discussion and analyses are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### II. Election of Directors

The board of directors of the Company (the "**Board**") presently consists of six (6) directors, all of whom are elected annually. It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the articles of the Company, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") or the Company's Articles of Incorporation. It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the board of directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table sets out the names of persons proposed to be nominated by management for election as a director; all positions and offices in the Company held by them; their principal occupation for the last five years; the periods during which they have served as a director; and the number of Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised, as of the date hereof. Each director elected will hold office until the next annual meeting of the Company, unless his office is earlier vacated in accordance with the Articles of Incorporation of the Company or becomes disqualified to act as a director.

<b>Name of Proposed Nominees, Municipality of Residence and Proposed Position with the Company</b>	<b>Director Since</b>	<b>Principal Occupation During Last Five Years</b>	<b>Number of Shares Beneficially Owned or Controlled</b>
Van Potter Phoenix, Arizona Chief Executive Officer, Director	January 25, 2012	President and Chief Executive Officer, Certive Solutions Inc.CEO of Canadian Data Preserve	3,045,796 Shares, 936,667 common share purchase warrants, and

<b>Name of Proposed Nominees, Municipality of Residence and Proposed Position with the Company</b>	<b>Director Since</b>	<b>Principal Occupation During Last Five Years</b>	<b>Number of Shares Beneficially Owned or Controlled</b>
			2,758,709 stock options
Brian Cameron <sup>(3)</sup> Phoenix, Arizona Chief Financial Officer, Director	January 25, 2012	CFO of the Company, Principal of Cameron & Associates; CFO of Data Preserve, Inc., CFO of Canadian Data Preserve, Inc.; Business Development – Canadian Securities Exchange for Southwest USA	3,130,796 Shares, 955,000 common share purchase warrants, and 2,758,708 stock options
John Shackleton <sup>(1)(3)</sup> Phoenix, Arizona Director	April 17, 2013	CEO of Open Text Corp. from July 2005 to 2012, CEO of SilkRoad Technology, Inc. since 2012	949,450 Shares and 500,000 stock options
Jack Saltich <sup>(1)(2)</sup> Scottsdale, Arizona Director	October 20, 2012	Director of Immersion Corporation since 2001, director, member of the Audit Committee, Chairman of the Compensation Committee of Atmel Corporation since July 2007, director of Vitex Systems from 2006 to 2011, Ramtron International Corporation from 2005 to 2011, and Leadis Technology from 2006 to 2012. Self-employed consultant, formerly President and CEO of Three-Five Systems Inc., a technology company	802,069 Shares and 500,000 stock options
Michael Bartlett <sup>(1)(2)(3)</sup> Orlando, Florida Director	November 6, 2014	President and CEO of Creative Entertainment & Technologies Inc. since 1996, Chairman and President of Indico Resources Ltd. since 1998, President and CEO of Expo 86 in Vancouver, Senior Vice-President Planning & Development of Universal Studios at Florida, Vice President and General Manager of Canada's Wonderland in Toronto, President and CEO of Natural Maritime Authority in Norfolk, Virginia, and Vice President, Planning & Development, of Taft Broadcasting Theme Park Division in Cincinnati, Ohio	633,333 Shares and 500,000 stock options
MaryAnn Miller <sup>(1)(2)</sup> Scottsdale Arizona Director	December 4, 2015	Senior Vice President, Chief Human Resources Officer, and member of Executive Board of Avnet, Inc.	Nil Shares and 300,000 stock options

Notes:

(1) Member or proposed member of the Audit Committee. Mr. Shackleton is the Chairman of the Audit Committee.

(2) Member or proposed member of the Governance and Compensation Committee. Ms. Miller is the Chair of the Governance and Compensation Committee.

(3) Member or proposed member of the Special Acquisition Committee.

Management recommends voting for the resolution to elect the nominated directors.

As at the date hereof, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, 8,561,444 Shares, or approximately 12.76% of the issued and outstanding Shares. An aggregate of 12,297,417 Shares have been reserved for issuance to the directors and officers of the Company in respect of granting stock options pursuant to the Stock Option Plan (the "Options"). See "Executive Compensation - Incentive Stock Option Plan".

### *Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Except as otherwise disclosed in this Circular, to the best of the Company's knowledge, none of the Company's directors, officers, or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company is, or during the ten years preceding the date of this Circular, has been a director or officer of any issuer that, while the person was acting in that capacity:

- a) was the subject of a cease trade order or similar order, or an order that denied such issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

### *Penalties or Sanctions*

To the best of the Company's knowledge, no director, officer, or shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### *Personal Bankruptcies*

Except as otherwise disclosed in this Circular, to the best of the Company's knowledge, during the ten years preceding the date of this Circular, no director, officer, or shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **III. Appointment of Auditors**

The persons named in the enclosed form of proxy intend to vote for the appointment of Buckley Dodds Parker LLP, Chartered Accountants, of Vancouver, British Columbia, as auditors of the Company to hold office until the next annual meeting of shareholders and to authorize the directors of the Company to fix the auditors' remuneration. Buckley Dodds Parker LLP were first appointed auditors of the Company in 2011.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Company or any of its subsidiaries nor has had any connection during the past three years with the Company or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Management recommends voting for the resolution to appoint Buckley Dodds Parker LLP, Chartered Professional Accountants, as the Company's auditors and to authorize the board of directors to fix their remuneration.

## **IV. Approval of Preferred Shares Resolution**

Shareholders will be asked at the Meeting to pass a special resolution approving an amendment to the articles of the Company to create one new class of preferred shares (the "Preferred Shares"), issuable in one

or more series without par value and each with such rights, restrictions, designations and provisions as the Board may, at any time and from time to time determine. The Board wishes to amend its articles to create a new class of preferred shares, the Class A Preferred Shares, to give it greater flexibility in its capital structure and in raising future capital. The purpose of the Preferred Shares is to compensate directors, officers, and consultants of the Company and to enable management to retain a control position which management believes will be necessary to secure a commercial banking facility required to complete a planned acquisition of two enterprises engaged in revenue cycle management for hospitals.

The new Class A Preferred Shares will be a separate and distinct class of securities. Subject to the foregoing limitations, the proposed amendments to the Company's authorized share capital will permit the Board of Directors to fix, by articles of amendment, the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of any particular series prior to the issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Preferred Shares will not be entitled to preference over the Common Shares and any other shares ranking senior to the Preferred Shares from time to time but may be given such preferences over any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. The restrictions and limitations set out in the terms of the new Class A Preferred Shares, particularly with respect to the number that may be issued and the voting rights, distinguish the new class from a structure that is commonly referred to as "blank cheque" preferred shares. A summary of the terms of the full text of the terms and conditions attached to the Class A Preferred Shares as set out in Schedule "C" to this Circular.

#### **Limitation on the Number of Class A Preferred Shares**

The proposed terms of the Class A Preferred Shares provide that the number of Class A Preferred Shares which may be issued and outstanding at any time shall be limited to a number not more than fifty-one percent of the number of issued and outstanding common shares at the time of issuance of any Class A Preferred Shares.

#### **Ranking and Priority**

The common shares shall have priority over each series of Class A Preferred Shares with respect to redemption, the payment of dividends, the return of capital, and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

#### **Parity Among Series**

Each series of Class A Preferred Shares shall rank on parity with every other series of Class A Preferred Shares, in each case with respect to redemption, the payment of dividends, the return of capital, and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company.

#### **Dividends**

The holders of each series of Class A Preferred Shares will not be entitled to receive dividends (whether cumulative or non-cumulative and variable or fixed).

#### **Participation**

If any amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Company in respect of a series of Class A Preferred Shares are not paid in full, the Class A Preferred Shares of all series will participate rateably in the amounts that would be payable in respect of the return of capital as if all such amounts were paid in full. After payment to the holders of any series of Class A Preferred

Shares of the amounts so payable, the holders of such series of Class A Preferred Shares shall not be entitled to share in any further distribution of the property or assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

### **Conversion**

The Class A Preferred Shares shall be convertible into common shares of the Company on a one-for-one basis upon the occurrence of certain events, including (i) the acquisition by the Company of assets or a business with a valuation of CAD\$15,000,000 or greater; (ii) the sale, lease, license or transfer of all or substantially all the assets of the Company to a party other than a subsidiary; (iii) the merger, amalgamation, consolidation, reorganization (or equivalent transactions in any foreign jurisdiction) of the Company into or with any other entity or entities in which the holders of the Company's voting shares outstanding immediately prior to the transaction do not constitute the holders of a majority of the voting shares outstanding of the surviving entity immediately following the transaction; and (iv) the sale, exchange or transfer by the Company's shareholders, in a single transaction or series of related transactions, of shares in which the holders of the Company's voting shares outstanding immediately prior to the transaction do not constitute the holders of a majority of the voting shares outstanding of the Company immediately following the transaction (except such a sale, exchange, or transfer with a subsidiary of the Company). The conversion price shall be the closing price of the Company's common shares on the Canadian Securities Exchange on the trading day prior to the date of the notice of conversion, less a discount which shall not exceed 25% if the Common Shares are trading at a price of up to CAD\$0.50, or 20% if the Common Shares are trading at a price that is between CAD\$0.51 to \$2.00, and 15% if the Common Shares are trading at a price that is above CAD\$2.00.

### **Redemption**

Each series of Class A Preferred Shares will be redeemable by the Company on such terms as determined by the Board.

### **Voting**

Holders of any series of Class A Preferred Shares will be entitled to receive notice of, attend at, or vote at any meeting of shareholders of the Company, unless the Board determines otherwise.

The proposed terms of the Preferred Shares are set out in detail in Schedule "C" to this Circular. At the Meeting, the shareholders will be asked to consider and, if deemed advisable, to approve the following special resolution approving the creation of the Preferred Shares and filing of articles of amendment in connection therewith. The resolution must be approved by not less than two-thirds of the votes cast by shareholders voting in person or by proxy at the Meeting. The Board recommends that shareholders vote FOR the resolution.

### **"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. the classes and maximum number of shares the Company is authorized to issue, as set forth in the articles of the Company, be amended in accordance with the share provisions set out in Schedule "C" to the management proxy circular of the Company dated August 17, 2016 (subject to such minor amendments as the Board of Directors of the Company may approve prior to the filing of the articles of amendment giving effect thereto), including by the creation of an unlimited number of preferred shares without nominal or par value to be referred to as the "Class A Preferred Shares".
2. any one director or officer of the Company, be and is hereby authorized to execute or cause to be executed and to deliver or cause to be delivered, all such documents, agreements and instruments (including,

without limitation, articles of amendment) and to do or cause to be done all such other acts and things as such director or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument by such person or the doing of any such act or thing; and

3. notwithstanding the foregoing, the directors of the Company may without further approval of the shareholders of the Company, revoke the foregoing special resolution at any time before the issuance of a certificate of amendment in connection therewith.”

On any ballot that may be called for at the Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the foregoing resolution unless a shareholder has specified in its instrument of proxy that its common shares are to be voted against the resolution. If no choice is specified by a shareholder to vote either for or against the foregoing resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the resolution.

#### **V. Approval of Acquisition Resolution**

At the Meeting, shareholders will be asked to approve a special resolution to authorize the independent directors to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the Company. The text of the special resolution to be approved by shareholders is set out below:

**“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT** the independent directors may decide to issue up to 50% of the existing share capital to finance the acquisition of companies, businesses or assets that the independent directors identify as being strategically important to the company.”

The foregoing resolution must be approved by at least two-thirds of the votes of shareholders cast in person or by proxy at the Meeting.

#### **VI. Ratification and Confirmation of Acts of Directors**

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution ratifying, confirming, and adopting all actions, deeds and proceedings of the Board of Directors done prior and subsequent to the incorporation of the Company with respect to the appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company. The Board of Directors and management recommend the adoption of the Ratification and Confirmation Resolution. Unless the form of proxy states otherwise, the persons named in the accompanying form of proxy will vote the shares represented by such form of proxy at the Meeting FOR the approval of the following resolution:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT** all actions, deeds and proceedings of the Board of Directors done prior and subsequent to the incorporation of the Company with respect to the approval of appointment and resignation of directors and officers of the Company, the approval of all private placements and issuances from treasury thereunder, and the acquisition of companies, businesses or assets identified by the board as strategically important to the growth of the Company, be ratified, confirmed and adopted in all respects.”

#### **VII. Stock Option Plan**

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without

variation, a resolution approving the adoption by the Company of the stock option plan (the “Stock Option Plan”). The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, consultants, employees, and management company employees as additional compensation and as an opportunity to participate in the profitability of the Company. The granting of such option is intended to align the interests of such persons with that of the Company. The Company’s existing stock option plan was approved on August 7, 2015. The following is a description of select material terms of the 2015 plan:

The pertinent terms and conditions of the Stock Option Plan are as follows:

- (a) The Stock Option Plan will be administered by the board of directors of the Company or a committee established by the board for that purpose;
- (b) The maximum number of shares that may be reserved for issuance under the Stock Option Plan will be a rolling number not to exceed 20% of the issued and outstanding common shares of the Company at the time of the stock option grant;
- (c) The exercise price of the options granted under the Stock Option Plan will be set by the board of directors on the basis of the market price of the shares on the trading day prior to the date of the grant;
- (d) The full purchase price of common shares purchased under the Stock Option Plan shall be paid in cash upon the exercise thereof;
- (e) Options may be granted under the Stock Option Plan exercisable over a period not exceeding five years;
- (f) Options covering not more than 10% of the issued shares of the Company may be granted to any one individual in any 12 month period;
- (g) No more than 5% of the issued and outstanding shares may be granted to any one consultant in any 12 month period and no more than an aggregate of 5% of the issued and outstanding shares may be granted to an employee conducting investor relations activities in any 12 month period;
- (h) Options may be exercised while the optionee is a director, officer, employee or consultant to the Company, or within a period of 90 days after ceasing to be so;
- (i) Notwithstanding paragraph (i), an optionee’s heirs or administrators shall have one year from the death of the optionee in which to exercise any portion of options outstanding at the time of death of the optionee;
- (j) Notwithstanding paragraph (i), options granted to an optionee who is engaged in investor relations activities expire 30 days after the optionee ceases to be employed to provide investor relations activities;
- (k) The options shall not be assignable or transferable by an optionee;
- (l) The obligation of the Company to issue and deliver common shares under the Stock Option Plan will be subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Company; and
- (m) The board of directors or the committee may, from time to time, subject to required regulatory approval, amend or terminate the Stock Option Plan.



At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a resolution approving the adoption by the Company of a new Stock Option Plan. The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, consultants, employees and management company employees as additional compensation and as an opportunity to participate in the profitability of the Company. The granting of such option is intended to align the interests of such persons with that of the Company. A copy of the Stock Option Plan is attached hereto as Schedule "B".

The board of directors has unanimously approved the Stock Option Plan and recommends that shareholders vote FOR the following resolution to approve the Stock Option Plan:

**"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. The incentive stock option plan, as described is attached as Schedule "B" in the Company's management information circular dated August 17, 2016, and the same is hereby authorized and approved;
2. The number of common shares of the Company reserved for issuance under the incentive stock option plan shall be no more than 20% of the Company's issued and outstanding common shares from time to time; and
3. The board of directors of the Company be and is authorized to make any changes to the incentive stock option plan if required by any such stock exchange or market upon which the common shares of the Company may be listed from time to time."

The foregoing resolution must be approved by a simple majority of the votes of shareholders cast in person or by proxy at the Meeting.

**Other Matters**

Management of the Company knows of no other matter to come before the Meeting other than those referred to in the notice of meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

**STATEMENT OF EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

For purposes of this Statement of Executive Compensation, "named executive officer" of the Company means an individual who, at any time during the year, was

- (a) The Company's chief executive officer ("CEO");
- (b) The Company's chief financial officer ("CFO");
- (c) Each of the Company's 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, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- (d) Each individual who would be a named executive officer 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;

each a “Named Executive Officer” (“NEO”).

Based on the foregoing definition, during the last completed fiscal year of the Company, there were two Named Executive Officers for the year ended May 31, 2016 namely, Van Potter, current Chief Executive Officer of the Company, and Brian Cameron, current Chief Financial Officer of the Company.

All matters relating specifically to senior executive compensation are reviewed and approved by the board of directors. The board of directors has elected to not appoint a compensation committee. The Board of Directors of the Company is responsible for determining compensation for the individual directors and officers of the Company, including the Chief Executive Officer. Given the stage of development of the Company, it is not currently envisioned that any of the directors will be paid director’s fees with the exception of the Audit Committee Chair. Rather, directors will be granted incentive stock options to help ensure their continued interest in the ongoing business and affairs of the Company. The board of directors determines compensation for the officers of the Company, and any consulting or other agreements, to which the Company is a party, are reviewed on an annual basis.

The Company’s overall policy regarding compensation of the Company’s executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Company, attract and retain qualified executive management and establish a compensation framework which is industry competitive. The Company’s policy is to recognize and reward individual performance as well as to place executive compensation within the range of the compensation levels in the industry.

The Company does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to the NEOs. The Company recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive’s level of responsibility.

The Company has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm’s length service providers.

#### *Base Salary*

The objectives of the base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The base salary paid to the NEOs shall be reviewed annually by the board of directors as part of the annual review of executive officers. The decision on whether to grant an increase to the executive’s base salary and the amount of any such increase shall be in the sole discretion of the board of directors.

#### *Incentive Bonuses*

The objectives of incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to NEOs, other executive officers and employees during the most recently completed fiscal year.

#### *Option Based Awards*

The directors of the Company have adopted a Stock Option Plan, subject to shareholder approval. Under the Stock Option Plan, the maximum number of shares that may be reserved for issuance under the Stock Option Plan will be a rolling number, not to exceed 20% of the issued and outstanding common shares of the Company at the time of the stock option grant. The Stock Option Plan will be a “rolling” stock option plan.

Compensation Source	Description of Compensation	Compensation Objectives
Annual Base Salary (all NEOs)	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Incentive Stock Option (all NEOs)	Equity grants are made in the form of stock options. The amount of grant will be dependent on individual and corporate performance	Retain qualified leaders, motivate strong business performance

### Summary Compensation Table

The following table summarizes the proposed compensation to be paid to each NEO of the Company for the Company’s financial years end to May 31, 2016, May 31, 2015, and May 31, 2014:

Name and Principal Position	Fiscal Year	Salary (\$)	Share based awards <sup>(2)</sup> (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation <sup>(1)</sup> (\$)		Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation
					Annual incentive plans	Long term incentive plans			
Van Potter, President and Chief Executive Officer <sup>(4)</sup>	2016	\$290,000	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$979,677.25
	2015	\$206,750	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$896,427.25
	2014	\$192,889	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$882,566.25
Brian Cameron, Chief Financial Officer <sup>(4)</sup>	2016	\$290,000	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$979,677.25
	2015	\$209,050	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$898,727.25
	2014	\$195,245	Nil	\$689,677.25	Nil	Nil	Nil	Nil	\$884,922.25

**Notes:**

- (1) “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.
- (2) “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.
- (3) “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.
- (4) Both Messrs. Potter and Cameron provide their services to the Company as independent contractors.

### Employment Contracts

The Company has not entered into employment contracts with any of its employees which include, among other things, noncompetition, confidentiality, intellectual property and non-solicitation clauses.

**Annual Base Salary**

Base salary for the NEOs is determined by the board of directors primarily by comparison of the remuneration paid by other companies with the same size and industry and with publicly available information on remuneration.

The annual base salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the board of directors as part of the annual review of executive officers. The decision on whether to grant an increase to the executive’s base salary and the amount of any such increase shall be in the sole discretion of the board of directors.

**Long Term Incentive Plan (LTIP)**

The Company does not have a formal or written LTIP in place, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company’s securities), was proposed to be paid or distributed to the Named Executive Officer during its financial years ended May 31, 2016.

**Option Based Award**

An option based award is in the form of an incentive stock option plan. The objective of the incentive stock option is to reward NEOs, employees, consultants and directors for their individual performance at the discretion of the board of directors.

Subject to shareholder approval, the Company will maintain a formal stock option plan, under which stock options will be granted and may be granted to purchase a number equal to 20% of the Company’s issued capital from time to time.

The stock option plan will be administered by the board of directors and the process to grant option-based awards to executive officers will be within the discretion of the directors.

All previous grants of option-based awards will be taken into account when considering new grants.

**Incentive Plan Awards**

*Outstanding share-based awards and option-based awards*

During the most recently completed fiscal year, additional options were granted to the Named Executive Officers.

The following table sets forth the options proposed to be granted to the Named Executive Officers to purchase or acquire securities of the Company at its financial year end of May 31, 2016.

Name	Option-based awards				Share-based awards	
	Number of securities underlying unexercised	Option exercise price (\$)	Option expiration date	Value of unexercised the-money options (\$)	Number of shares or units of shares	Market or payout value of share-based awards

	options (#)				that have not vested (#)	that have not vested (\$)
Van Potter, President and Chief Executive Officer	2,250,000	\$0.25	Sept. 17, 2018	Nil	Nil	Nil
	508,709	\$0.25	Dec. 31, 2020	Nil	Nil	Nil
Brian Cameron, Chief Financial Officer	2,250,000	\$0.25	Sept. 17, 2018	Nil	Nil	Nil
	508,708	\$0.25	Dec. 31, 2020	Nil	Nil	Nil

### Incentive plan awards – value vested or earned during the year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to any Named Executive Officers during the financial year end to May 31, 2016.

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Van Potter, President and Chief Executive Officer	nil	nil	nil
Brian Cameron, Chief Financial Officer	nil	nil	nil

### Pension Plan Benefits

The Company does not provide retirement benefits for directors and executive officers. No funds were set aside or accrued by the Company during the fiscal years ended May 31, 2016 to provide pension, retirement or similar benefits for the Company's directors or officers pursuant to any existing plan provided or contributed to by the Company or its subsidiaries.

### Termination and Change of Control Benefits

The Company has no plan or arrangement whereby any Named Executive Officer may be compensated in the event of that Named Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in the Named Executive Officer's responsibilities following such a change of control.

### Director Compensation

The Company does not have a formal policy in place to compensate its directors in their capacities as such, although directors of the Company will be reimbursed for their expenses incurred in connection with their services as directors and may be issued stock options from time to time at the discretion of the board. In the 2016 fiscal year, the directors submitted invoices to the Company for time spent on the business of the Company, and received compensation in the form of common shares at a deemed price of US\$0.30 per

share. It is anticipated that the Company will implement a compensation plan for its directors shortly, which will be consistent with industry standards.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation <sup>(2)</sup>	Total (\$)
John Shackleton	Nil	\$120,000	\$500,000	Nil	Nil	Nil	\$620,000
Jack Saltich	Nil	Nil	\$500,000	Nil	Nil	Nil	\$500,000
Michael Bartlett	\$38,000	\$190,000	\$500,000	Nil	Nil	Nil	\$728,000
MaryAnn Miller	Nil	Nil	\$300,000	Nil	Nil	Nil	\$300,000

(1) The dollar value ascribed to option grants represents non-cash consideration and has been estimated using the Black Scholes Model as at the date of grant.

(2) Other benefits did not exceed the lesser of \$50,000 and 10% of the total annual compensation for the named director.

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

### Aggregate Indebtedness

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5 Information Circular (“**Form 52-102F5**”), no directors, executive officers and employees and no former directors, executive officers and employees of the Company is, or was, indebted to the Company or any of its subsidiaries in connection with a purchase of securities and all other indebtedness as at August 17, 2016.

### Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Company, proposed nominees for election as a director of the Company and associates of such director, executive officers or proposed nominees is or was indebted to the Company or any of its subsidiaries as at August 17, 2016.

### Directors' and Officers' Liability Insurance

Effective June 30, 2016, the Company has directors' and officers' liability insurance in place for the benefit of the directors and officers of the Company, as set out in the following table.

## Primary directors' and officers' liability

<i>Insured</i>	<b>Certive Solutions Inc.</b>
<i>Insurer</i>	AIG
<i>Policy period</i>	June 30, 2016 – June 30, 2017

  

		<b>AIG</b>
<b>Limits of liability</b>		
	Limit of liability	\$5,000,000
	Aggregate	\$5,000,000
	Defence costs included in the limits	Yes
	Premium	\$22,500
	Commission	17.5%
<b>Insuring agreements</b>		
	Non-indemnifiable loss coverage (Side A)	Yes
	Indemnifiable loss coverage (Side B)	Yes
	Entity coverage (Side C)	Yes – Securities claims, Oppressive conduct claims, Canadian pollution Claims
	Employment practices liability	Non-entity
<b>Deductibles</b>		
	Each director/officer	Nil
	Corporate reimbursement	\$50,000
	Securities claims	\$100,000
	Canadian pollution claims	\$50,000
	Oppressive conduct claims	\$100,000
<b>Definition of Insured Includes</b>		
	Past, present, future duly elected or appointed Director, Officer, Trustee or Governor	Yes
	Management Committee Member of a JV	Yes
	Management Board Member of an LLC	Yes
	General Counsel and Risk Manager	Yes
	Foreign equivalents	Yes
	Employees	Yes
	De facto directors and officers	Yes
	Advisory Board Members	Yes

## AUDIT COMMITTEE

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the board of directors and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

On September 29, 2012, the Audit Committee adopted a charter delineating its responsibilities substantially in the following terms:

- i) review with the independent accountants the scope of the audit and the results of the annual audit examination by the independent accountants and any reports of the independent accountants with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the external auditor regarding financial reporting;
- (ii) review information, including written statements from the independent accountants, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the outside auditor;
- (iii) review and discuss with management and the independent auditors the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (iv) review the Company's MD&A and annual and interim earnings press releases prior to their public disclosure;
- (v) review the services to be provided by the independent auditors to assure that the independent auditors do not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries;
- (vi) review with management and the independent auditors the results of any significant matters identified as a result of the independent auditors' interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (vii) review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (viii) periodically review the adequacy of the Company's internal controls;
- (ix) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the independent accountants that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board;
- (x) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (xi) oversee and review annually the Company's Code of Business Conduct and Ethics (the "**Code**") and program for compliance with the Code;
- (xii) periodically review the adequacy of the Audit Committee Charter;
- (xiii) make reports and recommendations to the Board within the scope of its functions;



- (xiv) approve material contracts where the Board determines that it has a conflict;
- (xv) establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (xvi) where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (xvii) satisfy itself that management put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (xviii) review all loans to officers;
- (xix) review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's shares are listed for trading; and
- (xx) ensure all public disclosure regarding the Audit Committee is made in compliance with applicable stock exchange rules and securities legislation.

### **Composition of the Audit Committee**

At present, the Audit Committee consists of John Shackleton, Jack Saltich, and Michael Bartlett. All members of the Audit Committee are independent within the meaning of that term as defined in Section 1.4 of National Instrument 52-110 *Audit Committee* ("NI 52-110"). All members of the Audit Committee are financially literate as required by Part 1.6 of NI 52-110.

### **Relevant Education and Experience**

The education of each of the members of the Audit Committee is set out in this Circular. More specifically, some of the members of the Audit Committee have also taken accounting courses directly relating to financial statement preparation and analysis. Each of the members of the Audit Committee has a general understanding of the accounting principles used by the Company to prepare its financial statements and will seek clarification from the Company's auditors, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience preparing, auditing, analyzing or evaluating financial statements similar to those of the Company.

### **Audit Committee Oversight**

At no time from the commencement of the year ended May 31, 2016, were any recommendations of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors.

### **Reliance on Certain Exemptions**

The Company has not relied on any exemptions under section 2.4 *De Minimis Non-audit Services* of NI 52 – 110 or from Form 52-110F2 *Disclosure by Venture Issuer*, in whole or in part, granted under Part 8 of NI 52-110, during the financial year ended May 31, 2016.

### **Pre-Approval Policies and Procedures**

As of the date hereof, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Services Fees (By Category)**

The following table sets out the “audit fees”, “audit-related fees”, “tax fees” and “other fees” billed in the financial years ended May 31, 2015 and May 31, 2014.

	<b>Audit Fees and Audit Related Fees</b>	<b>Tax Fees</b>	<b>Other Fees</b>
For the year ended May 31, 2015	\$32,273	\$3,633	\$70,245
For the year ended May 31, 2014	\$30,765	\$1,313	\$17,640

### **Exemption**

The Company is relying upon the exemption set out in section 6.1 of NI 52–110 that provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

## **CORPORATE GOVERNANCE**

### **General**

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Company, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Company's required annual disclosure of its corporate governance practices.

### **Board of Directors**

#### *Composition of the Board*

NI 58-101, when taken with Section 1.4 of National Instrument 52-110 *Audit Committees*, (“**NI 52-110**”) provides that a member is “independent” if the member has no direct or indirect material relationship with the issuer, a “material relationship” being one which could, in the view of the Company’s board of directors, reasonably interfere with the exercise of a member’s independent judgment. To facilitate independence, the Company is committed to the following practices:

- 1) To expand the Board’s composition through the recruitment of strong, independent directors;

- 2) To maintain a majority of independent directors on the Board;
- 3) To ensure that all committees of the Board are constituted of a majority of independent directors, and solely independent directors, if possible.

The Company has determined that the following individuals are independent within the meaning of NI 58-101 and NI 52-110:

John Shackleton – Independent Director  
Jack Saltich – Independent Director  
Michael Bartlett – Independent Director  
MaryAnn Miller – Independent Director

The Company has determined that the following individuals are not independent based on the guidelines set forth in NI 58-101 and NI 52-110:

Van Potter – Not independent as a result of his position as the Chief Executive Officer of the Company.

Brian Cameron – Not independent as a result of his position as the Chief Financial Officer of the Company.

### **Directorships**

The following table sets forth a list of directors, officers and promoters who are, or have been within the past three years, a director, officer or promoter of any other reporting issuer, which table includes the number of other issuers of which the individual is currently a director, officer or promoter and the names of the reporting issuers with which the individual was involved in the past five years, including the names, markets upon which they trade, and the approximate start and end dates for each:

<b>Director</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>	<b>Duration</b>	<b>Committee Appointments</b>
Van Potter	Canadian Data Preserve Inc.	Canadian Securities Exchange	President, CEO and Director	July 2012 – Present	Not applicable
Brian Cameron	Canadian Data Preserve Inc.	Canadian Securities Exchange	CFO	July 2012 – Present	Not applicable
Jack Saltich	Atmel Corporation	NASDAQ	Director	2007 to present	Not applicable
Jack Saltich	Cypress Semiconductor Corporation	NASDAQ	Member Manufacturing Advisory Board	2007 to present	Not Applicable
MaryAnn Miller	Avnet Inc.	NYSE	Senior Vice President, Chief Human Resource Officer, and Member of Executive Board	2006 to present	Not Applicable

### **Orientation and Continuing Education of Board Members**

If any new directors are appointed to the board of directors, then the existing directors will provide a brief orientation consisting of a telephone conference and a review of material transactions effected to-date by the Company, as well as the general nature and proceedings of the Board. The existing Board will also require the Company's legal counsel to provide a summary of the new director's duties and responsibilities as a member of the board of directors. Given the direct securities industry experience of the existing board of directors, the Company does not contemplate providing continuing education for directors at this time.

### **Measures to Encourage Ethical Business Conduct**

Pursuant to the *Business Corporations Act* (British Columbia), each of the directors of the Company is required to disclose any conflict of interest that any one of them may have in regard to any dealings with the Company. Each of the existing members of the Board has worked together in the past, either by being a director or officer of other reporting issuers. In the past, the Board has had discussions and meetings about the importance of full disclosure in regard to the business and affairs of a reporting issuer. Given the experience of the Board, and their prior dealings, the Company, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

### **Nomination of Board Members**

The Company does not have in place a formal process to identify new candidates for board nomination or a person responsible for identifying new candidates or that is in the process of identifying new candidates. Given the direct securities experience of the existing board of directors, each director will utilize his own

judgment in determining whether or not to put forth a person as a candidate for the board of directors of the Company and the appropriate forum for carrying out this task.

### **Compensation**

The board of directors of the Company is responsible for determining compensation, including compensation for the individual directors and officers of the Company, such as the Chief Executive Officer. Given the stage of development of the Company, it is not currently envisioned that any of the directors will be paid director's fees. Rather, directors will be granted stock options to help ensure their continued interest in the ongoing business and affairs of the Company. The board of directors determines compensation for the officers of the Company, and any consulting or other agreements, to which the Company is a party, are reviewed on an annual basis.

### **Board Committees**

At this time, the Board of Directors does not have any standing committees other than the Audit Committee. The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management, and the board of directors and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

### **Assessments**

Given the current stage of development of the Company, the Company does not yet have any formal policies or procedures in place to help ensure that the board, its committees, if any, and its individual directors are performing effectively. In the event that the business of the Company increases in size and scale, then the board of directors will determine whether it is appropriate to engage an outside consulting firm to make recommendations regarding the foregoing. Certain of the members of the board of directors have a direct financial interest in the Company, by virtue of being shareholders of the Company.

## **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as set forth in this Circular, the management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Company's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may receive options pursuant to the Stock Option Plan of the Company.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed in this Circular, neither the Company, nor any director or officer of the Company, nor any insider of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the Company's last completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company, except for any interest arising from the ownership of Shares where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all shareholders.

## **OTHER MATTERS TO BE ACTED UPON**

There are no other matters to be considered at the Meeting which are known to the directors or senior officers of the Company at this time. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting, and other matters which may properly come before the Meeting or any adjournment thereof.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). Financial information regarding the Company is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders of the Company may contact the Company at 1140-1185 Georgia Street, Vancouver, BC, V6E 4E6, to request copies of the Company's financial statements and management's discussion and analyses.

## **GENERAL**

All matters referred to herein for approval by the shareholders require a majority of the shareholders voting, in person or by proxy, at the Meeting.

There are no other material facts other than as disclosed in this Circular.

## **BOARD APPROVAL**

The Board of Directors of the Company has approved the contents and the delivery of the Circular to its shareholders.

DATED at Vancouver, British Columbia, this 17<sup>th</sup> day of August, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

\_\_\_\_\_  
(signed) "*Van Potter*"  
Chief Executive Officer

## SCHEDULE "A"

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### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF Certive Solutions Inc. (the "Company")

#### 1. Purpose

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
- (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
  - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

#### 2. Membership

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

#### 3. Authority

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
  - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
  - (c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.

#### **4. Duties and Responsibilities**

4.1. The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
  - i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
  - ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;



- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
  - (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.
- 4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **5. Meetings**

- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.
- 5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.
- 5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.
- 5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- 5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

## **6. Reports**

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

## **7. Minutes**

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

## **SCHEDULE "B"**

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### **Stock Option Plan Certive Solutions Inc.**

#### **1. The Plan**

A stock option plan (the "Plan") pursuant to which options to purchase common shares, or such other shares as may be substituted therefor ("Shares"), in the capital stock of Certive Solutions Inc. (the "Corporation") may be granted to the directors, officers and employees of, and to consultants retained by, the Corporation or any of its subsidiaries or affiliates is hereby established on the terms and conditions herein set forth.

#### **2. Purpose**

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of, and consultants retained by, the Corporation or any of its subsidiaries or affiliates to acquire Shares, thereby (i) increasing the proprietary interests of such persons in the Corporation, (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally, (iii) encouraging such persons to remain associated with the Corporation or any of its subsidiaries or affiliates, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation or any of its subsidiaries or affiliates.

#### **3. Administration**

- (a) This Plan shall be administered by the board of directors of the Corporation (the "Board").
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder, (ii) prescribe, amend and rescind rules and regulations relating to this Plan and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of this Plan pursuant to this Section 3.
- (d) Options to purchase the Shares granted hereunder ("Options") shall be evidenced by an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve. Initially, the form of agreement shall be in the form attached hereto as Exhibit "A", subject to such changes and amendments to the terms and conditions thereof as the Board or the President may approve from time to time, with execution of an option agreement by an officer of the Corporation to

constitute conclusive evidence as to the approval of all such terms and conditions.

#### **4. Shares Subject to Plan**

- (a) Subject to Section 15 below, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares. Whenever used herein, the term “Shares” shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15 below.
- (b) The aggregate number of Shares reserved for issuance under this Plan shall be equal to 20% of the total number of Shares issued and outstanding from time to time (calculated on a non-diluted basis).
- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

#### **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the Corporation's obligations under all outstanding Options granted pursuant to this Plan.

#### **6. Eligibility and Participation**

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:
  - (i) directors of the Corporation or any of its subsidiaries or affiliates;
  - (ii) officers of the Corporation or any of its subsidiaries or affiliates;
  - (iii) employees of the Corporation or any of its subsidiaries or affiliates; and
  - (iv) consultants retained by the Corporation or any of its subsidiaries or affiliates, provided such consultants have performed and/or continue to perform services for the Corporation or any of its subsidiaries or affiliates on an ongoing basis or are expected to provide a service of value to the Corporation or any of its subsidiaries or affiliates; (any such person having been selected for participation in this Plan by the Board is herein referred to as a “Participant”).
- (b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.
- (c) Options will not be granted to an officer, employee or consultant of the Corporation, unless such Participant is a bona fide officer, employee or consultant of the Corporation.

#### **7. Exercise Price**

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Shares

may be acquired upon the exercise of such Option provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Shares are then listed. In addition, the exercise price of an Option must be paid in cash. Shareholder approval shall be obtained by the Corporation prior to any reduction to the exercise price if the affected Participant is an insider (as defined in the *Securities Act* (British Columbia)) of the Corporation at the time of the proposed amendment.

## **8. Number of Optioned Shares**

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that:

- (a) the aggregate number of Shares reserved for issuance under this Plan, together with any other security based compensation arrangement of the Corporation, shall not, at the time of grant, exceed 20% of the total number of issued and outstanding Shares (calculated on a non-diluted basis) unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed to exceed such threshold;
- (b) the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed 10% of the total number of issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period (and, in the case of consultants and persons retained to perform investor relation activities, shall not exceed 5% in any 12 month period) unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold; and
- (c) the Corporation shall obtain shareholder approval for grants of Options to insiders (as defined in the *Securities Act* (British Columbia)), of a number of Options exceeding 20% of the issued Shares, within any 12 month period.

## **9. Term**

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time such Option is granted, and subject to Sections 11, 12 and 16 below, provided that:

- (a) no Option shall be exercisable for a period exceeding 5 years from the date the Option is granted unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed and as specifically provided by the Board, and as permitted under the rules of any stock exchange or exchanges on which the Shares are then listed, and in any event, no Option shall be exercisable for a period exceeding 10 years from the date the Option is granted;
- (b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are then listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation;
- (c) the Board may, subject to the receipt of any necessary regulatory approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part; and
- (d) any Options granted to any Participant must expire within 90 days after the Participant ceases to be a Participant, and immediately for any Participant engaged in investor relation activities

after such Participant ceases to be employed to provide investor relation activities.

#### **10. Method of Exercise of Option**

- (a) Except as set forth in Sections 11 and 12 below or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.
- (b) Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time.
- (c) Any Participant (or the Participant's legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Vancouver, British Columbia:
  - (i) a written notice expressing the intention of such Participant (or the Participant's legal, personal representative) to exercise the Participant's Option and specifying the number of Shares in respect of which the Option is exercised; and
  - (ii) a cash payment, cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall use its reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or the Participant's legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or the Participant's legal, personal representative) shall have then paid for.
- (e) Notwithstanding anything else contained herein, at or after the time that any Option could be exercised by a Participant, the Participant may elect to surrender, in whole or in part, his or her rights under any Option by written notice given to the Corporation stating that such Participant wishes to surrender his or her Option in exchange for a payment by the Corporation of a cash amount per Optioned Share equal to the difference between the exercise price of the Option and the closing price of the Shares on the stock exchange on which the Shares are then listed. The Board has the sole discretion to consent to or disapprove of the election of the Participant to receive cash pursuant to this Section 10(e). If the Board disapproves of the election, the Participant may (i) exercise the Option under Section 10(c) or (ii) retract the request to exercise such Option.

#### **11. Ceasing to be a Director, Officer, Employee or Consultant**

Subject to any written agreement between the Corporation and a Participant providing otherwise and subject to the Option Period, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates for any reason other than death or permanent disability of the Participant, the Option granted to the Participant will terminate at 5:00 p.m. (Vancouver time) on the earlier of the date of the expiration of the Option Period and 90 days after the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation as the case may be, and ceases to actively perform services for the Corporation. An Option granted to a Participant who performs Investor Relations services on behalf of the Corporation shall terminate on the date of termination of the employment or cessation of services being provided and shall be subject to exchange policies and procedures for the termination of Options for Investor Relations services. For greater certainty, the termination of any Options held by the Participant, and the period during which the Participant may exercise any Options, shall be without regard to any

notice period arising from the Participant's ceasing to hold the position or positions of director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates, as the case may be.

## **12. Death and Permanent Disability of a Participant**

Subject to any written agreement between the Corporation and a Participant providing otherwise and subject to the Option Period, in the event of the death or permanent disability of a Participant, any Option previously granted to the Participant shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death or permanent disability of such Participant, whichever is earlier, and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
- (b) to the extent that the Participant was entitled to exercise the Option as at the date of the Participant's death or permanent disability.

## **13. Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

## **14. Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

## **15. Adjustments**

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made to the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share that may be acquired upon the exercise of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent their dilution or enlargement.
- (b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued upon the exercise of an Option following the

making of any such adjustment.

## **16. Change of Control**

Notwithstanding the provisions of section 10, or any vesting restrictions otherwise applicable to the relevant Options, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change of control of the Corporation, each Participant shall be entitled to exercise in whole or in part the Options granted to such Participant hereunder either during the term of the Option or within 90 days after the date of sale or change of control, whichever first occurs.

For the purpose of this Plan change of control of the Corporation means and shall be deemed to have occurred if and when:

- (a) the acceptance by the holders of Shares of the Corporation, representing in the aggregate of more than 35% of all issued Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the Shares of the Corporation; or
- (b) the acquisition, by whatever means (including, without limitation, amalgamation, arrangement, consolidation or merger), by a person (or two or more persons who in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of the beneficial ownership of such number of Shares or rights to Shares of the Corporation, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than 35% of the combined voting rights of the Corporation's then outstanding Shares, inclusive of the Shares that would be outstanding on the full exercise of all rights to Shares that would be outstanding on the full exercise of the rights to Shares; or
- (c) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement as that which existed prior to the re-arrangement); or
- (e) individuals who were members of the Board of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest, for or an item of business relating to the election of directors shall not constitute a majority of the Board following such election.

## **17. Transferability**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall be non-transferable and non-assignable unless specifically provided herein. During the lifetime of a Participant any Options granted hereunder may only be exercised by the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

## **18. Amendment and Termination of Plan**

The Board may, at any time, suspend or terminate this Plan. The Board may also at any time amend or revise the terms of this Plan, subject to the receipt of all necessary regulatory approvals provided that no such amendment or revision shall alter the terms of any Options theretofore granted under this Plan.

## **19. Necessary Approvals**

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan and options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

## **20. Stock Exchange Rules**

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of the stock exchange or exchanges on which the Shares are listed.

## **21. Right to Issue Other Shares**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

## **22. Notice**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at its principal address in Burnaby, British Columbia, Attention: The President; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing then to the last known address of such Participant; or if to any other person, to the last known address of such person.

## **23. Interpretation**

This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.



## Exhibit "A"

Without prior written approval of the Canadian Securities Exchange, the TSX Venture Exchange, or such other recognized stock exchange or quotation system as the outstanding common shares are then traded and compliance with all applicable securities legislation, the securities represented by this certificate, and the securities issuable on exercise of these securities, may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Canadian Securities Exchange, the TSX Venture Exchange, or such other recognized stock exchange or quotation system as the outstanding common shares are then traded or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date that is four months and one day after the date of grant of the option].

## OPTION AGREEMENT

This Agreement dated the • day of •, 201•,

B E T W E E N:

**CERTIVE SOLUTIONS INC.**, a corporation  
incorporated under the laws of the Province of British  
Columbia (hereinafter called the "Corporation"),

- and -

•, of the City of Vancouver, in the Province of British  
Columbia (hereinafter called the "Participant")

WHEREAS the Participant is a director, officer, employee of, or consultant retained by, the Corporation or any of its subsidiaries or affiliates and has been designated by the Corporation as eligible to participate in the Certive Solutions Inc. Stock Option Plan (the "Plan");

AND WHEREAS the Corporation desires to grant to the Participant an option to purchase common shares of the Corporation (the "Shares") in accordance with the terms of the Plan;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto agree as follows:

1. The Corporation hereby grants to the Participant an irrevocable option (the "Option") to purchase all or any part of • Shares at a price of \$• per share, subject to the terms and conditions set forth herein.
2. The Option expires and terminates at 5:00 p.m. (Vancouver time) on the day (the "Expiry Date") that is the earlier of (i) the 5th anniversary of the date hereof and (ii) the dates determined by Sections 6 and 7 below.

3. Subject to the more specific provisions of the Stock Option Plan, the Shares optioned under this Agreement shall vest as to one-third (1/3) on each of the first three anniversaries of the date hereof, such that the Option shall vest for the following number of Shares on the following dates:

<b>[1/3 of # of Shares]</b>	<b>[date that is 1 year from date of grant]</b>
<b>[1/3 of # of Shares]</b>	<b>[date that is 2 years from date of grant]</b>
<b>[1/3 of # of Shares]</b>	<b>[date that is 3 years from date of grant]</b>

4. Except as provided in Sections 6 and 7 below, the Option may only be exercised while the Participant is a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates. The Participant (or the Participant's legal or personal representative) may exercise the Option by delivering to the Corporation, at its principal office in Burnaby, British Columbia:
- (a) a written notice expressing the intention to exercise the Option and specifying the number of Shares in respect of which the Option is exercised;
  - (b) a cash payment, cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised; and
  - (c) in the event that the Option is exercised in accordance with this Agreement by persons other than the Participant, proof satisfactory to the Corporation of the right of such persons to exercise the Option.

Notwithstanding anything else contained herein, at or after the time that any Option could be exercised by a Participant, the Participant may elect to surrender, in whole or in part, his or her rights under any Option by written notice given to the Corporation stating that such Participant wishes to surrender his or her Option in exchange for a payment by the Corporation of a cash amount per Option equal to the difference between the exercise price of the Option and the closing price of the Shares on the stock exchange on which the Shares are then listed. The Board of Directors of the Corporation has the sole discretion to consent to or disapprove of the election of the Participant to receive cash pursuant hereto. If the Board disapproves of the election, the Participant may (i) exercise the Option under Section 4(a), (b) and (c) or (ii) retract the request to exercise such Option

5. Upon the exercise of the Option as aforesaid, the Corporation shall employ its reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the Participant (or the Participant's legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or the Participant's legal, personal representative) shall have then paid for.
6. If the Participant shall cease to be a director, officer, employee or consultant of the Corporation for any reason other than death or permanent disability, the Option granted herein shall expire and terminate at 5:00 p.m. (Vancouver time) on the day that is the earlier of the (i) 90th day after the date the Participant ceases to be a director, officer or employee of the Corporation and (ii) the 5th anniversary of the date hereof.
7. In the event of the death or permanent disability of the Participant, the Option shall be exercisable until 5:00 p.m. (Vancouver time) on the day that is the earlier of (i) 12 months after the date of death or permanent disability of the Participant and (ii) the 5th anniversary of the date hereof, and then, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
  - (b) to the extent that the Participant was entitled to exercise the Option as at the date of the Participant's death or permanent disability.
- 8. The Participant acknowledges and agrees that neither the selection of the Participant as a Participant under the Plan nor the granting of the Option hereunder shall: (i) confer upon the Participant any right to continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates, as the case may be. The Participant further acknowledges and agrees that this Agreement and the Option granted hereby shall in no way constitute the basis for a claim for damages by the Participant against the Corporation in the event of the termination of the employment of the Participant with the Corporation or any of its subsidiaries or affiliates for any reason whatsoever, including the Participant's wrongful dismissal, and the Participant hereby releases and forever discharges the Corporation from all claims and rights of action for damages whatsoever based upon or arising out of this Agreement and the Option.
- 9. The Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of the Option until such Shares have been paid for in full and issued to the Participant.
- 10. The number of Shares deliverable upon the exercise of the Option shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation prior to the Expiry Date, without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Option and to prevent its dilution or enlargement. Adjustments under this Section 10 shall be made by the board of directors of the Corporation (or by such committee or persons as may be delegated such authority pursuant to the Plan), whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued on any such adjustment.
- 11. The Option and all benefits and rights accruing to the Participant hereunder shall not be transferrable or assignable unless specifically provided herein. During the lifetime of the Participant the Option granted hereunder may only be exercised by the Participant as herein provided and in the event of the death of the Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.
- 12. The Participant acknowledges and agrees that the Board may, at any time, suspend or terminate the Plan. The Board may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall alter the terms of the Option granted herein.
- 13. The obligation of the Corporation to issue and deliver Shares on the exercise of the Option in accordance with the terms and conditions of this Agreement is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to the Participant upon the exercise of the Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in

connection with the exercise of the Option will be returned to the Participant as soon as practicable.

14. The Participant acknowledges to have read and understood the Plan and the Participant and the Corporation agree that all provisions thereof apply to the parties hereto and to this Agreement with the same effect as if such provisions were set out in this Agreement.
15. Time shall be of the essence of this Agreement.
16. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

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

**CERTIVE SOLUTIONS INC.**

Per:

\_\_\_\_\_

SIGNED, SEALED AND DELIVERED

in the presence of:

\_\_\_\_\_

Witness

\_\_\_\_\_

•

## SCHEDULE “C”

### AMENDED AND RESTATED AUTHORIZED SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Class A Preferred Shares, issuable in series.

#### COMMON SHARES

The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:

##### 1. VOTING

Holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote.

##### 2. DIVIDENDS

Subject to the preferences accorded to holders of Preferred Shares and any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, such dividends as may be declared thereon by the Board of Directors from time to time.

##### 3. LIQUIDATION, DISSOLUTION OR WINDING-UP

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (such event referred to herein as a “Distribution”), holders of Common Shares shall be entitled, subject to the preferences accorded to holders of Preferred Shares and any other shares of the Company ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Company.

#### CLASS A PREFERRED SHARES

Subject to the provisions of the *Business Corporations Act* (British Columbia), as now enacted or as the same may from time to time be amended, re-enacted or replaced (the “Act”), the Class A Preferred Shares in the capital of the Company (the “Class A Preferred Shares”) shall have the following rights, privileges, restrictions and conditions:

1. Dividends. The holders of the Class A Preferred Shares shall have no right to receive dividends.
2. Liquidation, Dissolution or Winding Up. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holder of each Class A Preferred Share shall be entitled to receive, after any distribution of any part of the assets of the Company among the holders of the Common Shares or any other shares, the balance of the assets of the Company.

3. Voting. The holders of Class A Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to receive, concurrently with the holders of the Common Shares, all notices of meetings, information circulars and other written information from the Company that the holders of the Common Shares are entitled to receive pursuant to the provisions of the Act, these Articles or otherwise.

Except for matters where holders of Class A Preferred Shares are by law required to vote separately as a class, holders of Class A Preferred Shares shall vote together with the holders of the Common Shares as a single class.

4. Conversion. The holders of the Class A Preferred Shares shall have conversion rights as follows:

(a) Right to Convert. Subject to the terms and conditions of this Section 4, each holder of Class A Preferred Shares shall have the right, at its option at any time upon the occurrence of any Liquidation Event (as defined below), to convert any such Class A Preferred Shares into such number of fully paid and non-assessable Common Shares as is equal to the number of Class A Preferred Shares held by the holder of the Class A Preferred Shares.

A “Liquidation Event” means:

(i) the acquisition by the Company of assets or a business with a valuation of CAD\$15,000,000 or greater;

(ii) the sale, lease, license or transfer of all or substantially all the assets of the Company to a party other than a Subsidiary (as defined below);

(iii) the merger, amalgamation, consolidation, reorganization (or equivalent transactions in any foreign jurisdiction) of the Company into or with any other entity or entities in which the holders of the Company’s voting shares outstanding immediately prior to the transaction do not constitute the holders of a majority of the voting shares outstanding of the surviving entity immediately following the transaction; and

(iv) the sale, exchange or transfer by the Company’s shareholders, in a single transaction or series of related transactions, of shares in which the holders of the Company’s voting shares outstanding immediately prior to the transaction do not constitute the holders of a majority of the voting shares outstanding of the Company immediately following the transaction (except such a sale, exchange, or transfer with a Subsidiary of the Company).

“Subsidiary” shall mean any corporation, partnership, trust or other entity where the Company and/or any of its other subsidiaries directly or indirectly owns a majority of the outstanding voting shares or other interests of such corporation, partnership, trust or other entity.

(b) Conversion Price. The conversion price per Class A Preferred Share (the “Class A Preferred Conversion Price”) shall be the closing market price of the Company’s Common Shares on the Canadian Securities Exchange on the trading day prior to the date of the Notice of Conversion, less a discount which shall not exceed 25% if the Common Shares are trading at a price of up to CAD\$0.50, or 20% if the Common Shares are trading at a price that is between CAD\$0.51 to \$2.00, and 15% if the Common Shares are trading at a price that is above CAD\$2.00, provided, however that the Class A Preferred Conversion Price shall be subject to adjustment pursuant to the provisions of this Section 4.

(c) Mechanics of Conversion.

(i) Notice of Conversion. Each holder of Class A Preferred Shares who desires to exercise its right of conversion shall give written notice to the Company that the holder of record elects to convert a stated number of Class A Preferred Shares into Common Shares and shall surrender a certificate or certificates for the shares so to be converted or a certificate of loss in respect thereof and indemnity, with or without surety, acceptable to the Company, in favour of the Company to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to the holders of the Class A Preferred Shares) at any time during the Company's usual business hours, together with a statement of the name or names (with address) in which the certificate or certificates for Common Shares shall be issued. Notwithstanding any other provisions hereof, if a conversion of Class A Preferred Shares is to be made in connection with any transaction affecting the Company, the conversion of any Class A Preferred Shares may, at the election of the holder thereof, be conditioned upon the consummation of such transaction, in which case such conversion shall not be deemed to be effective until such transaction has been consummated, subject in all events to the terms applicable to such transaction.

(ii) Reservation of Shares Issuable Upon Conversion. The Company will at all times reserve and keep available out of its authorized but unissued Common Shares, solely for the purpose of effecting the conversion of the Class A Preferred Shares, such number of its Common Shares as will from time to time be sufficient to effect the conversion of all outstanding Class A Preferred Shares.

(iii) No Reissuance of Class A Preferred Shares. Class A Preferred Shares which are converted into Common Shares as provided herein shall not be reissued. Class A Preferred Shares which are surrendered or required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the applicable conversion date, be deemed to have been retired and cancelled and the Class A Preferred Shares represented thereby converted into Common Shares for all purposes.

(d) Issuance of Certificates; Time Conversion Effected. After the receipt of the written notice referred to in Section 4(c) and surrender of the certificate or certificates for the Class A Preferred Shares to be converted or a certificate of loss in respect thereof and indemnity, with or without surety, acceptable to the Company, in favour of the Company, the Company shall issue and deliver, or cause to be issued and delivered, to the holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of whole Common Shares issuable upon the conversion of such Class A Preferred Shares. To the extent permitted by law, such conversion shall be deemed to have been affected and the Class A Preferred Shares shall be retired and cancelled as of the close of business on the date on which such written notice shall have been received by the Company and the certificate or certificates for such share or shares or certificate of loss and indemnity in respect thereof shall have been surrendered as aforesaid, and at such time the rights of the holder of such Class A Preferred Shares shall cease, and the person or persons in whose name or names any certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby.

(e) Fractional Shares; Partial Conversion. No fractional shares shall be issued upon conversion of Class A Preferred Shares into Common Shares and no payment or adjustment shall be made upon any such conversion with respect to any dividends previously payable on the Common Shares issued upon such conversion. In case the number of Class A Preferred Shares represented by the certificate or certificates surrendered pursuant to Section 4(c) exceeds the number of shares converted, the Company shall, upon such conversion, execute and deliver to the holder, at the expense of the Company, a new certificate or certificates for the number of Class A Preferred Shares represented by the certificate

or certificates surrendered which are not to be converted. If any fractional Common Share would, except for the provisions of the first sentence of this Section 4(e), be delivered upon such conversion, the Company, in lieu of delivering such fractional share, shall pay to the holder surrendering the Class A Preferred Shares for conversion an amount in cash or kind equal to the fair value of such fraction of a Common Share as determined in good faith by the Board of Directors of the Company.

(f) Adjustment for Subdivisions and Consolidations. The term “Class A Preferred Original Issue Date” means the date the first Class A Preferred Share is issued by the Company. If the Company shall at any time or from time to time after the Class A Preferred Original Issue Date effect a subdivision of the outstanding Common Shares without a comparable subdivision of the Class A Preferred Shares, the Class A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of Common Shares issuable on conversion of each Class A Preferred Share shall be increased in proportion to such increase in the aggregate number of Common Shares outstanding. If the Company shall at any time or from time to time after the Class A Preferred Original Issue Date consolidate the outstanding Common Shares without a comparable consolidation of the Class A Preferred Shares, the Class A Preferred Conversion Price in effect immediately before the consolidation shall be proportionately increased so that the number of Common Shares issuable on conversion of each Class A Preferred Share shall be decreased in proportion to such decrease in the aggregate number of Common Shares outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or consolidation becomes effective.

(g) Adjustment for Certain Dividends and Distributions. In the event the Company at any time, or from time to time, after the Class A Preferred Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in additional Common Shares, then and in each such event the Class A Preferred Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Class A Preferred Conversion Price then in effect by a fraction:

(i) the numerator of which shall be the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(ii) the denominator of which shall be the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Common Shares issuable in payment of such dividend or distribution;

provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Class A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Class A Preferred Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(h) Adjustment for Reclassification, Exchange or Substitution. If the Common Shares shall be changed into the same or a different number of shares of any class or securities, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or consolidation of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below or pursuant to a Liquidation Event), then and in each such event holders of Class A Preferred Shares shall have the right thereafter to convert such shares into the kind and amount of shares



and other securities and property receivable, upon such reorganization, reclassification, or other change that would have otherwise been receivable by the holders of the number of Common Shares into which such Class A Preferred Shares would have been converted immediately prior to such reorganization, reclassification, or change; and, in such case, appropriate adjustments (as determined in good faith by the Board of Directors of the Company) shall be made in the application of the provisions in this Section 4 set forth with respect to the rights and interests thereafter of the holders of the Class A Preferred Shares, to the end that the provisions set forth in this Section (including provisions with respect to changes in and other adjustments of the Class A Preferred Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares or other securities thereafter deliverable upon the conversion of the Class A Preferred Shares.

(i) Adjustment for Merger or Reorganization, etc. In case of any merger, amalgamation, consolidation, reorganization or other business combination that is not a Liquidation Event involving the Company and any other corporation or other entity or person, each Class A Preferred Share shall thereafter be convertible (or shall be converted into a security which shall be convertible) into the kind and amount of shares or other securities or property to which a holder of the number of Common Shares of the Company that would have otherwise been deliverable upon conversion of such Class A Preferred Shares would have been entitled upon such event; and, in such case, appropriate adjustments (as determined in good faith by the Board of Directors of the Company) shall be made in the application of the provisions in this Section 4 set forth with respect to the rights and interests thereafter of the holders of the Class A Preferred Shares, to the end that the provisions set forth in this Section (including provisions with respect to changes in and other adjustments of the Class A Preferred Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares or other property thereafter deliverable upon the conversion of the Class A Preferred Shares.

(j) Certificate of Adjustment. In each case of an adjustment or readjustment of the Class A Preferred Conversion Price or the number of Common Shares or other securities issuable upon conversion of the Class A Preferred Shares, the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail, postage prepaid, to each registered holder of Class A Preferred Shares at the holder's address as shown in the Company's books. The certificate will set forth such adjustment or readjustment, showing in reasonable detail the facts upon which such adjustment or readjustment is based.

(k) Mandatory Conversion. All outstanding Class A Preferred Shares shall automatically be converted into Common Shares upon the occurrence of a Liquidation Event. For greater certainty, the aforesaid automatic conversion shall be deemed to occur after the payment pursuant to Section 2(a) and shall in no way affect such payment.

(l) A mandatory conversion shall be effected without any further action by the holders of the Class A Preferred Shares, provided, however, that the Company will not be required to issue certificates evidencing the Common Shares issuable upon such conversion unless the certificates evidencing such Class A Preferred Shares and payment of the Class A Preferred Conversion Price are either delivered to the Company or its transfer agent or the holder of record notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an indemnity, with or without surety, acceptable to the Company, in favour of the Company indemnifying the Company against any loss incurred by it in connection with such certificates.

(m) The Company will pay all corporate taxes (other than taxes based upon income (including capital gains) or withholding taxes) and other governmental charges that may be imposed with respect to the issue or delivery of Common Shares upon conversion of Class A Preferred Shares,

excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of Common Shares in a name other than that in which the Class A Preferred Shares so converted were registered and the Company shall not be required to issue or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that the Company has not and will not have any liability in respect of such tax.

5. Notice of Record Date. Upon the fixing by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive (i) any dividend or other distribution, or (ii) notice of and vote on any capital reorganization of the Company, any reclassification or recapitalization of the shares of the Company, or any merger or consolidation of the Company with or into any other corporation (other than a Liquidation Event), the Company will mail to each holder of Common Shares and Class A Preferred Shares at least ten (10) days prior to the record date specified therein (or such shorter period approved, by vote or written consent, by holders of at least ninety percent (90%) of the outstanding Class A Preferred Shares) notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date of which any such reorganization, reclassification, recapitalization, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Shares or Class A Preferred Shares will be entitled to exchange their Common Shares or Class A Preferred Shares, as applicable, for securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation or merger.

6. Right of Redemption. Unless it is prohibited by law from so doing, the Company may at any time redeem any Class A Preferred Share in accordance with the following rules and procedures by paying to the holder of such share the Original Issue Price thereof (the "Redemption Price"):

B. (a) the Company shall, at least 30 days before any redemption is to take place, give notice of redemption to each person who at the date the notice is given is a holder of a Class A Preferred Share to be redeemed, but accidental failure to give any such notice to one or more of such holders shall not affect the validity of the redemption;

(b) a notice of redemption shall specify the date on which the redemption is to take place, the Redemption Price and, if fewer than all of the outstanding Class A Preferred Shares are to be redeemed, the aggregate number thereof to be redeemed, and the number 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 the certificate representing the shares to be redeemed, pay or cause to be paid to or to the order of the holder of such shares the Redemption Price therefore;

(d) a share in respect of which the Redemption Price is paid as provided herein will thereupon be and be deemed to be redeemed and cancelled and returned to the status of an authorized but unissued share of the Company, and the certificate representing the share will be marked in a manner that indicates that the share is no longer an issued share, and the Company's central securities register shall be altered to reflect that the share is no longer an issued share;

(e) if fewer than all the shares represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company;

(f) after the date specified for redemption, the holder of a share to be redeemed will not be entitled to

exercise any of the rights of a shareholder in respect thereof unless payment of the Redemption Price is not made on presentation of the certificate therefore in accordance with the provisions of this Article, in which case the rights of such holder will remain unaffected;

(g) if the holder of a share to be redeemed fails to present and surrender the certificate representing such share within 15 days after the date specified for redemption, the Company may deposit the Redemption Price of 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 cancelled and returned to the status of an authorized but unissued share of the Company, and the certificate representing the share will be marked in a manner that indicates that the share is no longer an issued share, and the Company's central securities register shall be altered to reflect that the share is no longer an issued share, 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;

(h) the holder of a Class A Preferred Share may by instrument in writing waive notice of redemption of such share; and

(i) where a notice of redemption has been given, no transfer of any share to be redeemed may be made by the holder thereof unless the holder's rights with respect to that share have been restored under clause (f).