

**EXITO ENERGY II INC.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO**

**THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 26, 2017**

**MARCH 31, 2017**

These materials are important and require your immediate attention. They require the shareholders of Exito Energy II Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. No securities regulatory authority in Canada has expressed an opinion about, or passed upon the fairness or merits of, the transactions described in this document, the securities offered pursuant to such transactions or the adequacy of the information contained in this document and it is an offence to claim otherwise.

Unless otherwise stated, the information herein is current as of March 31, 2017

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Transactions described in this Circular.*



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## LETTER TO THE SHAREHOLDERS

March 31, 2017

Dear Shareholders:

The Board of Directors (the "**Board**") of Exito Energy II Inc. ("**Exito**") invites you to attend the annual general and special meeting ("**Meeting**") of the shareholders ("**Exito Shareholders**") of common shares (the "**Exito Shares**") to be held at the offices of Gowling WLG (Canada) LLP, 1600-421 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 4K9 on Friday May 26, 2017 at 10:00 a.m. (Mountain time).

Exito entered into an arrangement agreement dated October 7, 2016, which was amended and restated on January 31, 2017, as amended by an amending agreement dated March 31, 2017 and a second amending agreement dated April 27, 2017, effective March 31, 2017 (collectively, the "**Arrangement Agreement**") with Good Life Networks Inc. ("**GLN**") pursuant to which, among other things, Exito will acquire all of the issued and outstanding common shares in the capital of GLN (the "**Acquisition**"), which Acquisition will constitute the Qualifying Transaction for Exito (the "**QT**"), as such term is defined in the TSX Venture Exchange ("**TSXV**") Policy 2.4. The Arrangement Agreement sets out the terms of the QT and the statutory plan of arrangement involving GLN and its shareholders, including, among other things:

1. Exito consolidating its share capital on a two-for-one basis (the "**Consolidation**") with corresponding adjustments to Exito's outstanding stock options and agent's options; and
2. Exito continuing from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to Section 303 of the *Business Corporations Act* (British Columbia) and section 189 of the *Business Corporations Act* (Alberta) (the "**Continuation**").

It is also anticipated that the resulting entity will change its name to "Good Life Networks Inc." upon completion of the QT.

The full details of the QT are contained under the heading "*Particulars of the Matters to be Acted Upon – The Acquisition*" in the attached management information circular ("**Circular**"), which includes the accompanying joint supplement ("**Supplement**"), attached to the Circular as Schedule "E".

At the Meeting, you will be asked to consider and vote upon ordinary resolutions authorizing and approving:

1. the fixing of the number of directors of Exito;
2. the election of the directors of Exito;
3. the re-appointment of the auditors of Exito; and
4. the re-approval of the stock option plan of Exito.

In addition, you will be asked to consider special resolutions authorizing and approving:

5. the Consolidation (the "**Consolidation Resolution**"); and
6. the Continuation (the "**Continuation Resolution**").

The Consolidation Resolution and the Continuation Resolution each must be approved by two-thirds (2/3) of the votes cast by the Exito Shareholders voting at the Meeting in person or by proxy in order to become effective. In

addition to Exito Shareholder approval, completion of the QT is also subject to several conditions, including receipt of all required shareholder, court and regulatory approvals, as set out in the Arrangement Agreement and described in the Supplement.

Having considered a number of factors as described in the Circular and Supplement, the Board has unanimously concluded that the QT is in the best interests of the Exito Shareholders and recommends that the Exito Shareholders vote FOR each of the Consolidation Resolution and the Continuation Resolution.

You are urged to read the material attached to this letter carefully and, if you require assistance, to consult your financial, legal or professional advisors.

It is important that your Exito Shares be represented at the Meeting. If you are not able to attend, we urge you to complete the enclosed form of proxy or voting instruction form and return it no later than the time specified therein. Voting by proxy will ensure that your vote will be counted if you are unable to attend. If you require any assistance in completing your proxy, please contact Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. Electronic copies of this Circular and the accompanying Supplement are available under Exito's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On behalf of Exito, I would like to thank all Exito Shareholders for their continuing support.

Yours very truly,

(Signed) "*Bradley Docherty*"

Bradley Docherty  
President and Chief Executive Officer

## EXITO ENERGY II INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of shareholders (the "**Exito Shareholders**") of common shares (the "**Exito Shares**") of Exito Energy II Inc. ("**Exito**") will be held at the offices of Gowling WLG (Canada) LLP, 1600-421 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 4K9 on Friday May 26, 2017 at 10:00 a.m. (Mountain time) for the following purposes:

- (a) to receive and consider the audited financial statements of Exito for the year ended December 31, 2015 and December 31, 2014 and the auditors' report thereon;
- (b) to consider and, if thought appropriate, to fix the number of directors of Exito for the ensuing year, or as otherwise authorized by the Exito Shareholders, at seven (7) members;
- (c) to elect the directors of Exito for the ensuing year;
- (d) to appoint PricewaterhouseCoopers LLP as auditors of Exito for the ensuing year at such remuneration as may be fixed by the board of directors (the "**Board**");
- (e) to consider and, if thought appropriate, to approve, with or without variation, the stock option plan of Exito as required by the policies of the TSX Venture Exchange (the "**TSXV**"), the full text of which is set forth in the management information circular accompanying this notice (the "**Circular**");
- (f) to consider and, if thought fit, approve, with or without variation, a special resolution (the "**Consolidation Resolution**"), the full text of which is attached as Schedule "B" to the Circular, approving the consolidation of all of the issued and outstanding Exito Shares on the basis of one (1) post-consolidation Exito Share for every two (2) pre-consolidation Exito Shares; and
- (g) to consider and, if thought fit, approve, with or without variation, a special resolution (the "**Continuation Resolution**"), the full text of which is attached as Schedule "C" to the Circular, approving the continuation of Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to Section 303 of the *Business Corporations Act* (British Columbia) and section 189 of the *Business Corporations Act* (Alberta).

An "ordinary resolution" is a resolution passed by a simple majority of the votes cast by the Exito Shareholders who voted in respect of that resolution.

A "special resolution" is a resolution passed by two-thirds (2/3) of the votes cast by the Exito Shareholders who voted in respect of that resolution.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the Circular accompanying this notice and the joint supplement ("**Supplement**") of Good Life Networks Inc. and Exito attached to the Circular as Schedule "E". This notice is also accompanied by either a form of proxy for registered Exito Shareholders or a voting instruction form for beneficial Exito Shareholders.

The Board has by resolution fixed April 26, 2017 as the record date, being the date for the determination of the registered Exito Shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournments or postponements thereof.

Exito Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy or voting instruction form so that as many Exito Shareholders as possible may be represented at the Meeting, and mail it to or deposit it with:

Computershare Trust Company of Canada, Proxy Department  
100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1  
Facsimile at 1-866-249-7775

Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00am (Mountain Standard Time) on May 24, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. An Exito Shareholder may appoint as his, her or its proxy a person other than those named in the enclosed form of proxy. That person does not have to be an Exito Shareholder.

Exito Shareholders holding Exito Shares registered in the name of a broker or other nominee should ensure that they make arrangements to instruct the broker or other nominee how their Exito Shares are to be voted at the Meeting in order for their vote to be counted at the Meeting.

**DATED** at Calgary, Alberta this 31<sup>st</sup> day of March, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS OF EXITO  
ENERGY II INC.**

(signed) "*Bradley Docherty*"

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Bradley Docherty  
President and Chief Executive Officer

## QUESTIONS AND ANSWERS ABOUT THE ACQUISITION

Terms not otherwise defined in this Management Information Circular (this "**Circular**") shall have the meaning ascribed thereto under "Glossary of Terms" of the joint supplement (the "**Supplement**") attached to the Circular as Schedule "E".

<b>Questions</b>	<b>Answers</b>
<b>What are we being asked to vote on at the annual general and special meeting (the "Meeting")?</b>	<p>Holders (the "<b>Exito Shareholders</b>") of common shares (the "<b>Exito Shares</b>") of Exito Energy II Inc. ("<b>Exito</b>") will be asked to approve, among other annual general matters:</p> <ul style="list-style-type: none"><li>(a) the Consolidation Resolution authorizing and approving the consolidation of Exito's share capital on a two-for-one basis; and</li><li>(b) the Continuation Resolution authorizing and approving the continuation of Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia.</li></ul> <p>The full text of the Consolidation Resolution is set out in Schedule "B" to this Circular. The full text of the Continuation Resolution is set out in Schedule "C" to this Circular. A copy of the Plan of Arrangement is attached as Appendix "A" to the Supplement. A copy of the Arrangement Agreement is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a> under Exito's profile.</p>
<b>How is the Acquisition being carried out?</b>	<p>The parties have agreed, subject to the satisfaction of certain conditions precedent (including the receipt of the requisite approval from the GLN Shareholders), to carry out a share exchange which involves, among other things, a plan of arrangement conducted pursuant to the provisions of Division 5 of Part 9 of the <i>Business Corporations Act</i> (British Columbia) whereby, among other things, post-Consolidation Exito Shares (the "<b>Exchanged Shares</b>") will be exchanged for common shares of GLN ("<b>GLN Shares</b>") on the basis of 0.2601 of an Exchanged Share for every one GLN Share held and Exito and GLN will complete a vertical short form amalgamation.</p>
<b>What do GLN Shareholders get for their GLN Shares?</b>	<p>Each GLN Shareholder will receive 0.2601 of an Exchanged Share for every one GLN Share held.</p>
<b>What am I required to do now?</b>	<p>You should read and carefully consider the information in the Circular, including the Supplement. You should validly complete, sign and date your proxy and return it in the enclosed return envelope prior to the deadline for submitting proxies.</p>
<b>Who can attend and vote at the Meeting?</b>	<p>Only registered Exito Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting.</p>
<b>What vote is required to approve the Consolidation and Continuation?</b>	<p>In order to be approved, at least two-thirds (2/3) of the votes cast at the Meeting by Exito Shareholders must be voted <u>FOR</u> the Consolidation</p>

**Questions****Answers****How do I vote if I am a Non-Registered Shareholder?**

Resolution and FOR the Continuation Resolution.

Exito Shares beneficially owned by a non-registered Exito Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the non-registered Exito Shareholder deals with in respect of the Exito Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation), of which the Intermediary is a participant. In accordance with applicable securities law requirements, Exito will have distributed copies of the Notice of Meeting of Shareholders, this Circular, including the Supplement, and the form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to non-registered Exito Shareholders.

Intermediaries are required to forward the Meeting Materials to non-registered Exito Shareholders unless a non-registered Exito Shareholder has waived the right to receive the Meeting Materials. Intermediaries often use service companies to forward the Meeting Materials to non-registered Exito Shareholders. Generally, non-registered Exito Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the non-registered Exito Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form; or
- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Exito Shares beneficially owned by the non-registered Exito Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered Exito Shareholder when submitting the proxy. In this case, the non-registered Exito Shareholder who wishes to submit a proxy should properly complete the form of proxy and **deposit it with Exito's transfer agent Computershare Trust Company of Canada, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received**

Questions	Answers
	<p><b>in each case no later than 10:00am (Mountain Standard Time) on May 24, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.</b></p>
<p><b>Will my broker vote my Exito Shares for me if I am a beneficial shareholder but not a registered shareholder and the Exito Shares are held in street name by my broker?</b></p>	<p>A broker will vote the Exito Shares held by you only if you give instructions to your broker on how you wish to vote. Without instructions, your Exito Shares will not be voted. Exito Shareholders should instruct their broker to vote their Exito Shares by following the directions provided by their brokers.</p>
<p><b>When should I return my proxy?</b></p>	<p>The Board has fixed 10:00 a.m. (Mountain time) on May 24, 2017 or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Calgary, Alberta) before the time of any adjourned or postponed Meeting, as the time before which proxies to be used or acted upon at the Meeting, or any adjournments or postponements thereof shall be deposited with Exito's transfer agent.</p>
<p><b>Are GLN Shareholders required to approve the Arrangement?</b></p>	<p>GLN Shareholders will be voting to approve the Arrangement as contemplated in the Arrangement Agreement, which is one of the conditions to completing the Arrangement provided for in the Arrangement Agreement.</p>
<p><b>How does the Exito Board recommend that I vote on the Consolidation and Continuation?</b></p>	<p>The Exito Board unanimously recommends that Exito Shareholders vote <u>FOR</u> the Consolidation Resolution and <u>FOR</u> the Continuation Resolution. See "<i>The Acquisition – Recommendation of the Exito Board and Reasons for the Recommendation</i>" in the enclosed Circular.</p>
<p><b>When is the QT expected to be completed?</b></p>	<p>In addition, the directors and senior officers of Exito have entered into the Lock-up Agreements, pursuant to which they have agreed to vote their Exito Shares <u>FOR</u> the Continuation and <u>FOR</u> the Consolidation. As of March 31, 2017, approximately 25% of the Exito Shares were held by such persons.</p> <p>The QT is expected to be completed on or about May 31, 2017, assuming that the required shareholder approvals and regulatory approvals have been received by such time and subject to the other terms and conditions set out in the Arrangement Agreement, a summary of which is provided in the Supplement.</p>
<p><b>To whom can I direct any questions I may have?</b></p>	<p>Exito Shareholders who would like additional copies, without charge, of any of the Meeting Materials or have additional questions about the QT, including the procedure for voting their Exito Shares, should contact Brad Docherty, President and Chief Executive Officer of Exito at 1110, 335 - 8th Avenue SW Calgary, Alberta T2P 1C9 or via telephone at 403-472-5767.</p>

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EXITO ENERGY II INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the "Circular"), which includes the joint supplement dated March 31, 2017 (the "Supplement") attached hereto as Schedule "E" is furnished to the holders ("Exito Shareholders") of common shares (the "Exito Shares") of Exito Energy II Inc. ("Exito" or the "Company") in connection with the solicitation of proxies by the management of Exito for use at the annual general and special meeting of Exito Shareholders (the "Meeting") to be held at the offices of Gowling WLG (Canada) LLP, 1600-421 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 4K9 on Friday May 26, 2017 at 10:00 a.m. (Mountain time), for the purposes set forth in the accompanying Notice of Meeting of Shareholders. References in this Circular, including the Supplement, to the Meeting include any adjournments or postponements thereof. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by directors, officers or regular employees of Exito at a nominal cost. The cost of solicitation by management will be borne by Exito.

The board of directors of Exito ("Board") has fixed April 26, 2017 as the record date (the "Record Date"), being the date for the determination of the registered Exito Shareholders entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by Exito's transfer agent, Computershare Trust Company of Canada ("Computershare") (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00am (Mountain Standard Time) on May 24, 2017 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

Unless otherwise stated, the information contained in this Circular, including the Supplement, is as of March 31, 2017.

APPOINTMENT OF PROXIES

The enclosed form of proxy (the "Proxy Form") is solicited by the management of Exito. The persons named in the enclosed Proxy Form are directors and/or officers of Exito (the "management designees"). **As an Exito Shareholder submitting a Proxy Form you have the right to appoint a person (who need not be an Exito Shareholder) to represent you at the Meeting other than the person or persons designated in the Proxy Form furnished by Exito. To exercise this right you should insert the name of the desired representative in the blank space provided in the Proxy Form and strike out the other names or submit another appropriate Proxy Form.** In order to be effective, the Proxy Form must be mailed so as to be deposited at the office of Exito's transfer agent, Computershare Trust Company of Canada, Proxy Department Company, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, no later than 10:00 a.m. (Mountain time) on May 24, 2017, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Calgary, Alberta) before the time of any adjourned or postponed Meeting. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution. Failure to complete or deposit a Proxy Form properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Exito's Board at its discretion without notice.

Exito Shareholders may use Computershare's website at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions using the 15 digit control number located at the bottom of your proxy or vote by phone at 1-866-732-VOTE (8683) (toll free within North America), or 1-312-588-4290 (outside North America). All instructions are listed in the enclosed form of proxy. Exito Shareholders should have the Proxy Form in hand when they access the

website or when voting by phone, as it will be prompted to enter its control number, which is located on the Proxy Form. If Exito Shareholders vote using the website or by phone, their votes must be received no later than 10:00 a.m. (Mountain time) on May 24, 2017 or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Calgary, Alberta) before the time of any adjourned or postponed Meeting. **Please note that if an Exito Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, the Exito Shareholder may resubmit its Proxy Form and/or voting direction prior to the deadline noted above. The most recently submitted Proxy Form will be recognized as the only valid one, and all previous Proxy Forms submitted will be disregarded and considered as revoked, provided that the last Proxy Form is submitted by the deadline noted above.**

#### **ADVICE TO BENEFICIAL HOLDERS**

**The information set forth in this section is of significant importance to many Exito Shareholders of as some Exito Shareholders do not hold their Exito Shares in their own names ("Beneficial Shareholders").** Beneficial Shareholders should note that only Proxy Forms deposited by Exito Shareholders whose names appear on the records of Exito as the registered holders of the Exito Shares can be recognized and acted upon at the Meeting. If the Exito Shares are listed in an account statement provided to a Beneficial Shareholder by a broker then, in almost all cases, those Exito Shares will not be registered in the Beneficial Shareholder's name on the records of Exito. Such Exito Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Exito Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Exito does not know for whose benefit the Exito Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Exito Shares in person or by way of proxy, except as set forth below. Beneficial Shareholders should ensure that instructions respecting the voting of their Exito Shares are communicated to the appropriate persons.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Exito Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker often is identical to the Proxy Form provided to registered Exito Shareholders. However, its purpose is limited to instructing the registered Exito Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Alternatively, Beneficial Shareholders sometimes are provided with a toll free telephone number to vote their shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting of shareholders. A Beneficial Shareholder receiving a voting instruction or proxy from Broadridge or another agent cannot use that proxy to vote Exito Shares directly at the Meeting as the completed instruction or proxy must be returned as directed by Broadridge or another agent well in advance of the Meeting in order to have the Exito Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Exito Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Exito Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Exito Shares as proxyholder for the registered Shareholder should enter their own names in the blank spaces on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

#### **REVOCAION OF PROXIES**

In addition to revocation in any other manner permitted by law, a registered Exito Shareholder who has given a Proxy Form may revoke it by:

- (a) executing a Proxy Form bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Exito Shareholder or the registered Exito Shareholder's authorized attorney in writing, or, if the registered Exito Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Trust Company of Canada, no later than 10:00 a.m. (Mountain time) on May 24, 2017, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Calgary, Alberta) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting or withholding from voting the registered Exito Shareholder's Exito Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

#### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the enclosed Proxy Form will vote the Exito Shares in respect of which they are appointed in accordance with the direction of the Exito Shareholders appointing them. **In the absence of such direction, such Exito Shares will be voted FOR of the passing of all the resolutions described below. The enclosed Proxy Form confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular and Supplement, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the Proxy Form will be voted on such matters in accordance with the best judgment of the named proxies.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As of March 31, 2017, 8,000,000 Exito Shares were issued and outstanding. Each Exito Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The Record Date for the Meeting has been fixed as April 26, 2017. Each Exito Shareholder on the Record Date will be entitled to vote at the Meeting or any adjournment or postponement thereof. All such holders of record of Exito Shares are entitled either to attend and vote thereat in person the Exito Shares held by them or, provided a completed and executed Proxy Form shall have been delivered to Exito's transfer agent within the time specified in the attached Notice of Meeting of Shareholders, to attend and vote thereat by proxy the Exito Shares held by them.

To the best of the knowledge of Exito's directors and officers, no person, other than Bradley Docherty and Eli Abergel, beneficially owns directly or indirectly, or exercises control or direction over, 10% or more of the votes attached to the Exito Shares.

#### **QUORUM**

Under the Exito's by-laws, a quorum for the transaction of business at any meeting of shareholders shall be at least one person present in person or represented by proxy holding or representing in the aggregate not less than five

(5%) percent of the Exito Shares entitled to be voted at the meeting. Under the Exito's by-laws and the *Business Corporations Act* (Alberta) (the "ABCA"), if a quorum is present at the opening of the Meeting, the Exito Shareholders present may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Exito Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

**PARTICULARS OF MATTERS TO BE ACTED ON AT THE MEETING**

**Capitalized terms in this Section that are not otherwise defined have the meaning ascribed thereto under "Glossary of Terms" in the attached Supplement.**

**Fixing the Number of Directors**

The Articles of Incorporation of Exito provide that the number of directors of Exito will be a minimum of one (1) and a maximum of eleven (11). At the Meeting, the management of Exito proposes to elect seven (7) directors. Exito Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution:

"**BE IT RESOLVED THAT** the number of directors to be elected at the Meeting for the ensuing year or otherwise as authorized by the Exito Shareholders be and is hereby fixed at seven (7)."

**Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" a resolution fixing the number of directors to be elected at the Meeting at seven (7).**

**Election of Directors**

Directors will be elected at the Meeting. The Board presently consists of seven (7) members. It is proposed that the Board will be fixed at seven (7) members and the persons referred to in the table below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of Exito Shareholders, or until his/her successor is duly elected or appointed, unless his/her office is vacated earlier.

**Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" the election of the following persons to the Board.** Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxyholder, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your Proxy Form that your Exito Shares are to be withheld from voting on the election of that particular director.

The following is a brief description of the proposed nominees, including their principal occupation for the past five (5) years, all positions and offices with Exito held by them and the number of Exito Shares that they have advised are beneficially owned, directly or indirectly, by them or over which control or direction is exercised by them, as at the Record Date.

<b>Name, Municipality of Residence, and Office</b>	<b>Date Since Served as a Director</b>	<b>Present and Principal Occupation During the Last Five Years</b>	<b>Exito Shares Beneficially Owned Directly or Indirectly or Controlled or Directed</b>
<b>Bradley Docherty,</b> <sup>(1)(2)(3)</sup> Calgary, Alberta <i>President, Chief Executive Officer, Director and Promoter</i>	November 11, 2010	Mr. Docherty is the Founder, President, Chief Executive Officer and Chairman of the Board of Directors for Source Rock Royalties Ltd., a private company that owns and manages oil and gas royalties in the Western Canadian Sedimentary Basin. Mr. Docherty was formerly a securities lawyer who focused on working with TSXV listed issuers and private issuers seeking a public listing. From 2007 to 2009 Mr. Docherty practised at a national	<b>500,000</b>

		law firm and from 2009 to 2013 he practised independently with a focus on corporate finance and securities law. Mr. Docherty was Co-Founder, President, CEO, CFO and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Docherty is also currently a director of Shelter Modular Inc., a private company that manufactures, sells and installs modular structures. Mr. Docherty received his Bachelor of Laws degree from the University of Victoria in 2007.	
<b>Eli Abergel,<sup>(4)</sup></b> Calgary, Alberta <i>Corporate Secretary, Chief Financial Officer, Director and Promoter</i>	November 11, 2010	Mr. Abergel is the President, Chief Executive Officer and Director of Kuldo Suites Inc. a company that owns and operate residential real estate in Kitimat, British Columbia. Mr. Abergel is also a director of 21065 Alberta Ltd., which is a private real estate company that owns and operates commercial assets in Calgary, Alberta. Mr. Abergel was Co-Founder, Corporate Secretary and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2008 to 2009 Mr. Abergel worked at Suncor Energy as in-house legal counsel. From 2004 to 2007 Mr. Abergel practised law at Gowlings, a national law firm. Mr. Abergel received his Bachelor of Laws degree from the University of Western Ontario in 2004.	<b>500,000</b>
<b>William Matheson,<sup>(1)</sup></b> Calgary, Alberta <i>Director</i>	November 11, 2010	Mr. Matheson serves on the Board of Directors for Decidedly Jazz Danceworks ("DJJ"), a registered charity. DJJ is a professional dance company that creates original performances with live music. Mr. Matheson was formerly the President & CEO and a Director of Camber Resource Services Ltd., a private production and specialty chemicals company serving the oil and gas industry. Mr. Matheson was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2011 to 2012, Mr. Matheson was the President & CEO of Carnaby Energy Ltd., a private oil and gas exploration company. From 2001 to 2009 Mr. Matheson was President & CEO of Result Energy Inc., a TSXV listed issuer. Prior thereto, Mr. Matheson was involved with Devlan Exploration Inc. Mr. Matheson has also sat on the Board of Directors for other TSXV listed issuers and acted as an advisor to the Alberta Petroleum Marketing Commission and the Alberta Stock Exchange. Mr. Matheson holds a Bachelor of Commerce degree from the University of Calgary.	<b>100,000</b>
<b>Brody M. Loster,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Loster is a Professional Geologist at Raging River Exploration Inc., a TSXV listed oil and gas producer that is focused on Viking assets in southwest Saskatchewan. Mr. Loster was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2009 to 2012, Mr. Loster was a Professional Geologist with Wild Stream Exploration Inc., a TSXV listed oil and gas producer that was focused in the Shaunavon and Dodsland Viking fairway of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2005 to 2009 Mr. Loster was a geologist at Wave Energy Ltd., a private oil and gas company that was purchased by Crescent Point Energy Corp. in October 2009. Mr. Loster received his Bachelor of Science degree	<b>150,000</b>

		in Earth and Ocean Sciences from the University of Victoria in 2001.	
<b>Colin M. Reeves,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Reeves is a Professional Geologist at Teine Energy Inc., a private oil and gas producer that is focused on Viking oil assets in southwest Saskatchewan. Mr. Reeves was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2011 to 2012, Mr. Reeves was a Geologist at Wild Stream Exploration Inc., a TSXV listed oil and gas producer that was focused in the Shaunavon and Dodsland Viking fairway of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2006 to 2011 Mr. Reeves was the President of C.M.R. Ltd., a private geological consulting company that performed conventional and unconventional drilling services, including shallow, deep and horizontal wells and heavy oil programs, for various companies in Alberta and Saskatchewan. Mr. Reeves received his Bachelor of Sciences degree in Geology and Hydrogeology from the University of Calgary in 2006.	<b>300,000</b>
<b>Christopher Scase,</b> <sup>(1)(5)</sup> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Scase is the Chief Financial Officer of Camber Resource Services Ltd., a production and specialty chemicals company serving the oil and gas industry. Mr. Scase is a Certified General Accountant and was formerly the Managing Partner at Scase & Lively Accounting's Calgary office. Mr. Scase was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Scase has acted as a director of and controller for a number of private companies within Western Canada's energy sector. Mr. Scase is currently a director and audit committee member of Blacksteel Energy Inc. (since 2009), a TSXV listed oil and gas company. Mr. Scase obtained his Bachelor of Commerce degree from the University of Calgary in 1996.	<b>200,000</b>
<b>Andrew Oppenheim,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Oppenheim is a partner at Gowling WLG (Canada) LLP. Mr. Oppenheim was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Oppenheim has been a practicing commercial lawyer for 33 years. Mr. Oppenheim was the lead director of Amica Mature Lifestyles Inc. prior to its sale, and is currently Chair of the Board of Advantage Tower Ltd., a private integrated tower company providing state-of-the-art telecommunication solutions, and has served as a director of a number of other public and private companies.	<b>250,000</b>

**Notes:**

(1) Member of the Audit Committee.

(2) Mr. Docherty may be considered to be the promoter of Exito in that he took the initiative in founding and organizing Exito. Mr. Docherty directly and indirectly purchased 1,000,000 Exito Shares at a price of \$0.05 per Exito Share and he was granted an option to acquire 325,000 Exito Shares at a price of \$0.10 per Exito Share on closing of the IPO. 500,000 of the Exito Shares held directly or indirectly by Mr. Docherty were cancelled in accordance with the Seed Share Escrow Agreement. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*" in the Supplement.

(3) 250,000 Exito Shares are held by Mr. Docherty directly, and 250,000 Exito Shares are held by Mr. Docherty through his wholly-owned corporation.

(4) Mr. Abergel may be considered to be the promoter of Exito in that he took the initiative in founding and organizing Exito. Mr. Abergel purchased 500,000 Exito Shares at a price of \$0.05 per Exito Share and he was granted an option to acquire 225,000 Exito Shares at a price of \$0.10 per Exito Share on closing of the IPO. Mr. Abergel also acquired a further 500,000 Exito Shares from a company controlled by his former



spouse. 500,000 of the Exito Shares held by Mr. Abergel were cancelled in accordance with the Seed Share Escrow Agreement. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*" in the Supplement.

(5) These Exito Shares are held by The Hoff Inc., a corporation controlled by Mr. Scase.

As of the date hereof, the present directors and officers of Exito beneficially own, directly and indirectly, or exercise control or direction over 2,000,000 Exito Shares, being approximately 25% of the issued and outstanding Exito Shares.

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

Please see "*Information Concerning Exito — Directors and Executive Officers*" in the Supplement.

#### **Appointment of Auditors**

PricewaterhouseCoopers LLP ("**PwC**"), Chartered Professional Accountants, are Exito's current auditors and were first appointed as auditors of Exito on January 14, 2013.

At the Meeting, Exito Shareholders will be asked to appoint PwC, of 111-5th Avenue SW #3100, Calgary, Alberta T2P 5L3, as auditors of Exito to serve until the close of the next annual general meeting of the Exito Shareholders and to authorize the directors to fix their remuneration.

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Exito Shareholders voting in person or by proxy. **Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" the appointment of PwC as auditors of Exito, to hold office until the next annual general meeting of the Exito Shareholders, at a remuneration to be determined by the directors of Exito.**

#### **Approval of Stock Option Plan of Exito**

The Exito Shareholders will be asked to consider, and if deemed advisable, to approve the proposed stock option plan of Exito (the "**Option Plan**") attached as Schedule "A" to this Circular. Approval of the Option Plan is being sought in accordance with the policies of the TSXV, whereby issuers whose stock option plans are "rolling plans" (plans which reserve shares for issuance upon the exercise of options based upon a percentage of the issuer's issued and outstanding shares rather than a fixed number), must have such plans approved by the shareholders at each annual meeting of the shareholders. The Exito Shareholders will therefore be asked at the Meeting to approve a resolution approving the proposed Option Plan.

The Option Plan, approved by the Board on March 28, 2013, is a "rolling plan". The Option Plan is intended to provide the Board with the ability to issue options to provide the employees, officers, directors and consultants of Exito with long term equity based performance incentives which are a key component of Exito's compensation strategy. Exito believes it is important to align the interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The aggregate number of Exito Shares issuable upon the exercise of all options granted under the Option Plan cannot exceed 10% of the issued and outstanding Exito Shares in any 12 month period. **As of the Record Date, options to acquire 1,000,000 Exito Shares have been granted pursuant to the Option Plan, representing 10% of the issued and outstanding Exito Shares.**

The Exito Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the Option Plan:

**"BE IT RESOLVED THAT:**

1. the stock option plan of Exito, substantially in the form attached as Schedule "A" to the Information Circular of Exito dated March 31, 2017, be and is hereby approved and adopted as the stock option plan of Exito;
2. the form of the stock option plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Exito Shareholders; and
3. any one director or officer of Exito be and is hereby authorized and directed for and on behalf of Exito to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions."

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Exito Shareholders voting in person or by proxy. **Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" a resolution approving the Option Plan in substantially the form as attached as Schedule "A" to this Circular.**

#### **The Consolidation**

At the Meeting, Exito Shareholders will be asked to consider and, if thought fit, to pass a special resolution authorizing the Board to effect a share consolidation (the "**Consolidation**") on the basis of one (1) post-Consolidation Exito Share for every two (2) pre-Consolidation Exito Shares. The Consolidation is being completed in connection with the Acquisition, as more particularly set out in the attached Supplement.

A copy of the proposed form of the special resolution approving the Consolidation (the "**Consolidation Resolution**") is set forth as Schedule "B" to this Circular.

For additional information concerning the Acquisition please see the Supplement. Exito Shareholders are encouraged to review the Supplement in its entirety to understand the implications of the Acquisition to the Exito Shareholders.

Approval of the Consolidation Resolution by Exito Shareholders would give the Board authority to implement the Consolidation at any time, regardless of whether or not the Acquisition is completed. In addition, notwithstanding approval of the proposed Consolidation by the Exito Shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution, and abandon the Consolidation without further approval or action by or prior notice to Exito Shareholders.

At the Meeting, the Exito Shareholders will be asked to approve the Consolidation Resolution. The directors of Exito believe the Consolidation is in Exito's best interests and recommend that Exito Shareholders approve the Consolidation Resolution. The Consolidation Resolution must be approved by at least two-thirds (2/3) of the votes cast by Exito Shareholders, either in person or by proxy, at the Meeting. **Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" the Consolidation Resolution.**

#### **The Continuation**

##### **Overview**

Exito is currently a corporation incorporated under the provincial laws of Alberta and is subject to the provisions of the ABCA. At the Meeting, Exito Shareholders will be asked to consider and, if thought fit, to pass a special resolution to approve and authorizes the continuation of Exito into the provincial jurisdiction of British Columbia,



whereafter Exito will be subject to the *Business Corporations Act* (British Columbia) (the "**BCBCA**") (the "**Continuation**").

A copy of the proposed form of the special resolution approving the Continuation (the "**Continuation Resolution**") is set forth as Schedule "C" to this Circular.

As part of the Continuation Resolution, Exito Shareholders will also be asked to approve the adoption by Exito of the Notice of Articles and Articles, which comply with the requirements of the BCBCA, in substitution for the existing Articles of Incorporation and By-laws of the Corporation and any amendments thereto to date. The proposed form of Notice of Articles and Articles under the BCBCA is attached to Schedule "C" of this Circular.

### ***Continuation Process***

In order to effect the Continuation:

1. the Continuation Resolution, in substantially the form attached hereto as Schedule "C", must be approved by at least two-thirds (2/3) of the votes cast at the Meeting in person or by proxy;
2. Exito must make an application (the "**Continuation Application**") to the BC Registrar, requesting that Exito be continued as if it had been incorporated under the laws of British Columbia;
3. the Alberta Registrar must consent to the proposed Continuation into British Columbia, upon being satisfied that the Continuation will not adversely affect creditors or the Exito Shareholders;
4. Exito must file the consent of the Alberta Registrar, the Continuation Application and the Notice of Articles with the BC Registrar who will then issue a Certificate of Continuation;
5. Exito must file a copy of the Certificate of Continuation with the Alberta Registrar, who will then issue a Certificate of Discontinuance; and
6. on the date shown on the Certificate of Discontinuance, Exito becomes an extra provincial Company in Alberta as if it had been incorporated under the laws of British Columbia.

### ***Effect of Continuation***

Upon completion of the Continuation, the ABCA will cease to apply to Exito and Exito will thereupon become subject to the BCBCA, as if it had been originally incorporated as a British Columbia company, and Exito's current constating documents, being its Articles and By-laws under the ABCA, will be replaced with the Notice of Articles and Articles under the BCBCA.

The Continuation will not create a new legal entity or affect the continuity of Exito. The persons elected as directors by the Exito Shareholders at the Meeting will continue to constitute the Board upon the Continuation becoming effective.

The Continuation will not affect Exito's status as a listed company on the TSXV, as a reporting issuer under the securities legislation of any jurisdiction in Canada and Exito will remain subject to the requirements of all applicable securities legislation.

Each previously outstanding Exito Share will continue to be an Exito Share of Exito as a company governed by the BCBCA.

In connection with the Arrangement, and following the Continuation, Exito intends to change its name to "Good Life Networks Inc." or such other name as may be acceptable to Exito, GLN and the relevant Governmental

authorities. In connection with the Continuation, Exito will adopt articles permitting a name change to be authorized solely by the board of directors. Once the Continuation is complete, and as the last step in the Arrangement, the directors of Exito intend to authorize the name change to "Good Life Networks Inc."

### ***Reasons for the Continuation***

Exito is asking Exito Shareholders to approve the Continuation Resolution to facilitate the Acquisition. Pursuant to the terms of the Arrangement Agreement, the completion of the Continuation is a condition precedent to completion of the Acquisition (see "*The Arrangement Agreement – Conditions Precedent*" in the Supplement). If the Continuation Resolution is approved, the Continuation would be implemented to occur prior to or concurrently with the Arrangement.

In addition, the BCBCA generally affords greater flexibility in corporate administrative matters and corporate structure. In particular, the BCBCA, unlike the ABCA, does not require that at least 25% of the directors be ordinarily residents in Canada and Exito may need the flexibility to recruit directors who can contribute to its growth and development, wherever such persons may reside following the Acquisition. Continuation under the BCBCA will also provide some added flexibility with respect to corporate transactions.

Management of Exito is of the view that the BCBCA is consistent with corporate legislation in other Canadian jurisdictions and will provide Exito Shareholders with substantially the same rights as those that are available to shareholders under the ABCA. The change of Exito's corporate jurisdiction will not have any effect on the relative equity or voting interests of Exito Shareholders.

### ***Comparison Between BC and Alberta Corporate Law***

#### **Charter Documents**

Under the BCBCA, the charter documents of a company will consist of a Notice of Articles, which sets out the name of the company and the authorized share structure (including the amount and type of authorized capital), and Articles, which will govern the management of the company following the Continuation. The Notice of Articles is filed with the Registrar and the Articles will be maintained at the company's registered and records office.

Under the ABCA, a company has "articles", which set forth the name of the company and the amount and type of authorized capital, the restrictions on share transfers (if any), the number of directors, and any restrictions on business. Under the ABCA, companies also have "by-laws" which govern the management of the company. The articles are filed with the Alberta Registrar and the by-laws are filed only with the company's registered and records office.

The Continuation and the adoption of the Notice of Articles and Articles will not result in any substantive changes to the constitution, powers or management of Exito, except as otherwise described in this Circular.

#### **Sale of a Company's Undertaking**

Under the BCBCA, the directors of a company may sell, lease or otherwise dispose of all or substantially all of the business or undertaking of the company only if it is in the ordinary course of the company's business or with shareholder approval authorized by special resolution. Under the BCBCA, a special resolution requires the approval of a "special majority", which means the majority specified in a company's Articles of at least two-thirds and not more than by three-quarters of the votes cast by those shareholders voting in person or by proxy at a general meeting of the company. If the Articles do not contain a provision stipulating the special majority then a special resolution is passed by at least two-thirds of the votes cast on the resolution. The proposed Articles in the form attached as Schedule 1 to Schedule "C" of this Circular provide that a special resolution be passed by at least two-thirds of the votes cast on the resolution.

Under the ABCA, a company may sell, lease or exchange all or substantially all of the property of the company (other than in the ordinary course of business of the company) only if it has been authorized by a special resolution. Each share of the company carries the right to vote in respect of the sale, lease or exchange whether or not such share otherwise carries the right to vote and, where a class or series of shares is affected by the sale, lease, or exchange in a manner different from another class or series, the holders of shares of that affected class or series are entitled to vote separately on the transaction.

#### Amendments to the Charter Documents of a Company

Changes to the Notice of Articles or Articles of a company under the BCBCA are affected by the type of resolution specified by the BCBCA, or, if the BCBCA does not specify the type of resolution, by the type of resolution specified in the Articles of the company, or, if neither the BCBCA nor the Articles specify the type of resolution, by a special resolution. This means that many alterations, including change of name or other alterations to the Articles, could be authorized solely by a resolution of the directors. In the absence of anything in the Articles, most material corporate alterations will require a special resolution. Alteration of the special rights and restrictions attached to issued shares requires, in addition to any resolution provided for by the Articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a company out of the jurisdiction requires a special resolution as described above.

Under the ABCA, a fundamental change to a company's articles, such as a change in name and alterations to the company's authorized capital, requires a special resolution passed by not less than two-thirds of the votes cast on the resolution by the shareholders of the company. A change to a company's by-laws requires only an ordinary resolution passed by a majority of the votes cast on the resolution by the shareholders of the company. A fundamental change affecting the rights of the holders of a class of shares differently than those of the holders of other classes of shares requires a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class.

#### Rights of Dissent and Appraisal

The BCBCA provides that shareholders, including beneficial holders through a registered shareholder, who dissent from certain actions being taken by a company, may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where a company proposes to:

- (a) alter the Articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) adopt an amalgamation agreement;
- (c) approve an amalgamation under Division 4 of Part 9 of the BCBCA;
- (d) approve an arrangement, the terms of which arrangement permit dissent;
- (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) authorize the continuation of the company into a jurisdiction other than British Columbia; or
- (g) take any other action where the resolution provides for a right of dissent.

The ABCA contains similar dissent rights. In Alberta, the dissent right is applicable where the company proposes to:

- (a) amend its articles to change the restriction on share transfers, to remove or change any restrictions

- (a) on the business that the company may carry out, or to add or remove an express statement
- (b) establishing the unlimited liability of the shareholders;
- (c) amalgamate with another company;
- (d) be continued under the laws of another jurisdiction; or
- (e) sell, lease or exchange all or substantially all of its property.

The dissent provisions of the ABCA are set out in Schedule "D" to this Circular.

#### Oppression Remedies

The ABCA contains rights that are substantially broader in that they are available to a larger class of complainants. The right under the ABCA extends to directors, officers or security holders (whether the security is legally or beneficially owned), former directors, officers or security holders (whether the security is legally or beneficially owned) of a company or any of its affiliates, creditors of the company (in the discretion of the court), or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy. The court can make an order in respect of a company or any of its affiliates, where any act or omission of the company or its affiliates effects a result, or the business or affairs of the company or its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the company or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

The oppression remedy under the BCBCA is similar to the remedy found in the ABCA, with a few differences. Under the BCBCA, the shareholder can complain of oppressive conduct of the company, the applicant must bring the application in a "timely manner", and a company must make as much of a payment as possible to a successful applicant and pay the balance when the company is able to do so.

#### Shareholder Derivative Actions

Under the BCBCA, a shareholder, including a beneficial shareholder or a director of a company, or any other person the court considers to be an appropriate person to bring a derivative action, may, with leave of the court, bring an action in the name and on behalf of the company to enforce an obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a company.

The ABCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group - the right under the ABCA extends to directors, officers or security holders (whether the security is legally or beneficially owned), former directors, officers or security holders (whether the security is legally or beneficially owned) of a company or any of its affiliates, creditors of the company, or any other person who, in the discretion of a court, is a proper person to bring a derivative action. Also, the ABCA permits a complainant to commence an action in the name of a subsidiary of the company.

#### Requisition of Meetings

The ABCA permits the registered or beneficial holders of not less than 5% of the issued voting shares of the company to require the directors to call and hold a meeting of the shareholders of the company for the purposes stated in the requisition. Only the registered holders may vote at this meeting. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that shareholders who hold at least 5% of the issued voting shares of the company that carry the right to vote at general meetings may give notice to the directors requiring them to call and hold a general

meeting for the purpose of transacting any business that may be transacted at a general meeting, which meeting must be held within four months.

#### Form of Proxy and Circular

The BCBCA and ABCA requires a reporting company to provide with each notice of a general meeting, a form of proxy for use by every shareholder entitled to vote at such meeting and an information circular containing prescribed information regarding the matters to be dealt with at the meeting. The required information is substantially the same as the requirements that apply under applicable securities laws. Note, however, under the BCBCA, there is the additional provision that if shareholders who hold shares that carry at least 1/10th of the voting rights that may be exercised on the election or appointment of directors at a meeting to deliver a nomination for director to a company at least 35 days before the date of the meeting that includes required information, the company must include the information in its information circular.

#### Place of Meetings

The ABCA provides that meetings of shareholders may be held outside Alberta if the company's articles so provide or if all the shareholders entitled to vote at the meeting so agree.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless: (a) a location outside British Columbia is provided for in the company's Articles; (b) the Articles do not restrict the company from approving a location outside British Columbia and the location is approved by the resolution required by the Articles for that purpose or if the Articles do not provide it is approved by an ordinary resolution; or (c) the location is approved in writing by the Registrar under the BCBCA before the meeting is held.

#### Directors

The BCBCA provides that a public company must have at least three directors but does not have any residency requirements for a company's directors. The ABCA requires that for distributing corporations (like Exito) there must be a minimum of three directors at least two of whom shall not be officers or employees of the company or its affiliates, and that at least one quarter of the directors be resident Canadians.

#### Restrictions on Share Transfers

The BCBCA does not prohibit share transfer restrictions. The ABCA prohibits restrictions on share transfers for distributing companies who shares are held by more than one person.

#### Meaning of "Insolvent"

Under the ABCA and BCBCA, for purposes of the insolvency test that must be passed for the payment of dividends and purchases and redemptions of shares, "insolvent" is defined to mean when a company is unable to pay its debts as they become due in the ordinary course of its business. The BCBCA does not impose a net asset solvency test for these purposes. For purposes of proceedings to dissolve or liquidate, the definition of "insolvent" from federal bankruptcy legislation applies.

#### Reduction of Capital

Under the BCBCA, capital may be reduced by special resolution or court order. A court order is required if the realizable value of the company's assets would, after the reduction of capital, be less than the aggregate of its liabilities. Under the ABCA, capital may be reduced by special resolution.

### Shareholder Proposals

The ABCA provides that a shareholder of a company who is entitled to vote may submit notice of any matter related to the business or affairs of the company that such person proposes to raise at the meeting if (i) the person is a registered holder or beneficial owner of the prescribed number of shares for the prescribed period, (ii) have the prescribed level of support of other registered holders or beneficial owners of shares, (iii) provide to the company his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal, and (iv) continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal is to be made.

Under the BCBCA, shareholders of a "public company" may submit a shareholder proposal provided each of the shareholders submitting or supporting it have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. The proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the issued shares of the company that carry the right to vote at general meetings or (ii) shares with a fair market value of at least \$2,000.

### Investigation/Appointment of Inspectors

Under the BCBCA, a company may appoint an inspector by special resolution. Shareholders holding at least 1/5 of the issued shares of a company may apply to the court for the appointment of an inspector. The court must consider whether there are reasonable grounds for believing there has been oppressive, unfairly prejudicial, fraudulent, unlawful or dishonest conduct.

Under the ABCA, a shareholder may apply to court for an order directing an investigation to be made of a company and for the appointment of an inspector. The court must determine whether there are sufficient grounds to conduct an investigation namely, whether there are reasonable grounds for believing there has been oppressive, unfairly prejudicial, fraudulent, unlawful or dishonest conduct.

### ***Shareholders' Rights of Dissent in Respect of the Continuation***

Pursuant to the ABCA, registered Exito Shareholders have the right to dissent with respect to the Exito Continuation Resolution by providing a written objection to the Continuation to Exito Energy II Inc., c/o Gowling WLG (Canada) LLP, 1600, 421 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Frank Sur, by 5:00 p.m. (Calgary time) on the third Business Day immediately preceding the date of the Meeting.

In the event the Continuation becomes effective, an Exito Shareholder who properly dissents will be entitled to be paid the fair value of the Exito Shares in respect of which such holder dissents in accordance with Section 191 of the ABCA. An Exito Shareholder who votes in favour of the Continuation shall not be entitled to dissent. An Exito Shareholder may dissent only with respect to all of the Exito Shares held by such Exito Shareholder. See Schedule "D" for a copy of the provisions of Section 191 of the ABCA.

The statutory provisions covering dissent rights are technical and complex. Failure to strictly comply with the requirements set forth in Section 191 of the ABCA may result in the loss of any dissent rights. Persons who are beneficial owners of Exito Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent should be aware that only the registered holder is entitled to dissent. Accordingly, a beneficial owner of Exito Shares desiring to exercise dissent rights must make arrangements for such beneficially owned Exito Shares to be registered in such holder's name prior to the time the written objection to the Continuation is required to be received by Exito or, alternatively, make arrangements for the registered holder of such Exito Shares to dissent on such holder's behalf.

It is a condition to the completion of the Continuation that Exito Shareholders holding greater than 10% of the outstanding Exito Shares in the aggregate shall not have exercised dissent rights in respect of the Continuation that have not been withdrawn as of the effective date of the Continuation.

### ***The Continuation Resolution***

A copy of the Continuation Resolution is set forth as Schedule "C" to this Circular. If the Continuation Resolution is approved, the Board will have the authority, in its sole discretion, to continue Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to section 303 of the *Business Corporations Act* (British Columbia) and section 189 of the ABCA.

Pursuant to the terms of the Arrangement Agreement, the completion of the Continuation is a condition precedent to completion of the Acquisition (see "*The Arrangement Agreement – Conditions Precedent*" in the Supplement). If the Continuation Resolution is approved, the Continuation would be implemented to occur prior to or concurrently with the Arrangement.

At the Meeting, the Exito Shareholders will be asked to approve the Continuation Resolution. The directors of Exito believe the Continuation is in Exito's best interests and recommend that Exito Shareholders approve the Continuation Resolution. The Continuation Resolution must be approved by at least two-thirds (2/3) of the votes cast by Exito Shareholders, either in person or by proxy, at the Meeting. **Unless otherwise indicated, the persons in the accompanying Proxy Form intend to vote "FOR" the Continuation Resolution.**

### **The Acquisition**

Certain information pertaining to GLN in this Circular and in the Supplement, including forward-looking information and forward-looking statements made by GLN, included or incorporated by reference herein has been provided by GLN or is based on publicly available documents and other public sources. Although Exito does not have any knowledge that would indicate that any such information is untrue or incomplete, Exito assumes no responsibility for the accuracy or completeness of such information, nor for the failure by such other persons to disclose events that may have occurred or which may affect the completeness or accuracy of such information but which is unknown to Exito.

For additional information concerning the Acquisition, the Arrangement Agreement, a summary of the tax consequences of the Acquisition to the Exito Shareholders, GLN, the Resulting Issuer following the Acquisition, and other relevant information, please see the Supplement.

### ***Background***

The Arrangement Agreement is the result of arm's length negotiations among representatives of Exito and GLN and their respective legal and financial advisers. Please see "*The Arrangement – Background*" in the Supplement for a summary of the background leading up to the execution of the Arrangement Agreement and the public announcement of the Arrangement.

On October 7, 2016, the Arrangement Agreement was executed between Exito and GLN. The Arrangement Agreement was subsequently amended and restated on January 31, 2017 and further amended by an amending agreement dated March 31, 2017, and further amended by a second amending agreement dated April 27, 2017 and effective as of March 31, 2017.

In connection with the Arrangement, and following the Continuation, Exito intends to change its name to "Good Life Networks Inc." or such other name as may be acceptable to Exito, GLN and the relevant Governmental authorities. In connection with the Continuation, Exito will adopt articles permitting a name change to be authorized solely by the board of directors. Once the Continuation is complete, and as the last step in the Arrangement, the directors of Exito intend to authorize the name change to "Good Life Networks Inc."



### ***Recommendation of the Exito Board and Reasons for the Recommendation***

The Exito Board has unanimously determined that the QT is fair to Exito Shareholders and that it is in the best interests of Exito that the QT be completed. **Accordingly, the Exito Board has unanimously approved the QT and unanimously recommends that Exito Shareholders vote FOR the Consolidation Resolution and FOR the Continuation Resolution.**

In determining that the QT is fair to Exito Shareholders and in the best interests of Exito, and in making its recommendation, the Exito Board considered a number of factors. In view of the variety of factors considered in connection with its evaluation of the Arrangement, the Exito Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination as to the fairness of the Arrangement and its recommendation to Exito Shareholders to vote FOR the Consolidation Resolution and FOR the Continuation Resolution. In addition, individual members of the Exito Board may have given different weight to different factors. The factors considered, among others, included:

- (a) the fact that the Consolidation Resolution and the Continuation Resolution must be approved by an affirmative vote of at least two-thirds (2/3) of the votes cast at the Exito Meeting in person or by proxy by Exito Shareholders;
- (b) information reviewed in respect of GLN with respect to its assets. The Acquisition will result in a consolidation of the parties' assets. See "*Information Concerning GLN*" in the attached Supplement;
- (c) the fact that the Exito Shareholders will hold approximately 9.08% of the Resulting Issuer upon completion of the Acquisition, based on the fully diluted shares of each Party and taking into account the Concurrent Financing;
- (d) the risks associated with the Acquisition, including but not limited to the risk that if the Acquisition is not completed, the market price of the Exito Shares may decline, the Exito Shares may be transferred to the NEX as a result of Exito failing to complete a Qualifying Transaction in the time prescribed by the TSXV, all as further set out in the Supplement under the heading, "*Risk Factors*", including risks related to international activities; and
- (e) all of the directors and senior officers of Exito (holding approximately 25% of the Exito Shares outstanding as of March 31, 2017), have agreed with GLN to vote in favour of the Consolidation Resolution and the Continuation Resolution.

### **EXECUTIVE COMPENSATION**

For information concerning executive compensation of the directors and named executive officers of Exito, pension plan benefits, employment contracts and termination of employment, securities authorized for issuance under equity compensation plans and related matters see the section entitled "*Information Concerning Exito – Executive Compensation*" in the Supplement.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the most recently completed financial year was there any indebtedness of any director or officer, or any associate of any such director or officer to Exito or to any other entity which is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Exito.



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

Except as disclosed elsewhere herein and in the Supplement, none of the directors, executive officers, principal shareholders of Exito, or informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of the Exito's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect Exito.

### **CORPORATE GOVERNANCE**

For information concerning the corporate governance disclosure and audit committee of Exito, see the section entitled "*Information Concerning Exito – Corporate Governance Disclosure*" in the Supplement.

### **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors and officers of Exito will be subject in connection with the operations of Exito. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

### **OTHER MATTERS COMING BEFORE THE MEETING**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual General and Special Meeting. Should any other matters properly come before the Meeting, the Exito Shares represented by proxy solicited by this Circular will be voted on such matters in accordance with the best judgment of the person voting such proxy.

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

No director or officer of Exito, or any person who has held such a position since the beginning of the last completed financial year of Exito, nor any nominee for election as a director of Exito, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

### **ADDITIONAL INFORMATION**

Financial information is provided in the Exito's audited financial statements and related management's discussion and analysis for the year ended December 31, 2015. To receive a copy of Exito's audited financial statements and related management's discussion and analysis, please contact Exito c/o its registered office at Suite 1600, 421-7 Avenue SW, Calgary, Alberta, T2P 4K9, Attention: Frank Y. Sur. This information and additional information relating to Exito may also be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

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**SCHEDULE "A"**  
**STOCK OPTION PLAN**

(See attached)

## STOCK OPTION PLAN OF EXITO ENERGY II INC.

### 1. Purpose

The purpose of the Stock Option Plan (the "**Plan**") of **EXITO ENERGY II INC.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**Corporation**") is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

### 2. Administration

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

### 3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

### 4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

However, other than in connection with a "Qualifying Transaction" (as defined in Policy 2.4 of the Exchange) or otherwise accepted by the TSX Venture Exchange, during the time that the Corporation is a "Capital Pool Company" (as defined in Policy 2.4 of the Exchange), the aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the common

shares of the Corporation issued and outstanding at the closing of the Corporation's initial public offering.

**5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

**6. Eligibility and Participation**

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

**7. Exercise Price**

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may only be reduced if at least 6 months have elapsed since the later of the date of the commencement of the term, the date the Corporation's shares commenced trading or the date the exercise price was reduced. In the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

**8. Number of Optioned Shares**

- (a) The number of Shares subject to an option granted to anyone Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any twelve month

period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.

- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to anyone consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

#### **9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange, being 10 years for the TSX Venture Exchange.

#### **10. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. **Ceasing To Be a Director, Officer, Consultant or Employee**

- (a) Subject to Subsection (b), if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 60 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation.
- (b) If the Participant does not continue to be a director, officer, consultant, employee of the Resulting Issuer upon completion of the Corporation's Qualifying Transaction (as such terms are defined in the policies of the Exchange), the options granted hereunder must be exercised by the Participant within the later of 12 months after completion of the Qualifying Transaction and 90 days after the Participant ceases to become a director, officer, consultant or employee of the Resulting Issuer.
- (c) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. **Death of Participant**

Notwithstanding Section 11, in the event of the death of a Participant, any all unexercised options previously granted to him shall immediately vest and be exercisable within the one (1) year after such death 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 the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. **Rights of Optionee**

No person entitled to exercise any option granted under the 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 shall have been issued.

14. **Proceeds from Sale of Shares**

The proceeds from the 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.

15. **Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged

for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section 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 Share shall be required to be issued under the Plan on any such adjustment.

#### **16. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

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

Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including any exchange on which the Common Shares are listed for trading), the Board may at any time, without further action by the shareholders, amend the Plan or any option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to ensure that options granted hereunder will comply with any provisions respecting stock options in the income tax or other laws in force in any country or jurisdiction of which a person to whom an option has been granted may from time to time be resident or citizen or the Board may at any time, without action by shareholders, terminate the Plan. The Board may not, however, without the consent of the option holder, alter or impair any of the rights or obligations under any option theretofore granted.

#### **18. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

#### **19. Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

#### **20. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.



**SCHEDULE "B"**  
**CONSOLIDATION RESOLUTION**

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. Subject to receipt of all necessary regulatory approvals, the Articles of Incorporation of Exito Energy II Inc. (the "**Corporation**") be amended to consolidate the common shares of the Corporation (the "**Exito Shares**"), on the basis of two (2) old Exito Shares for one (1) new Exito Share.
2. Any director or officer of the Corporation is authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be delivered Articles of Amendment pursuant to section 173(1)(f) of the *Business Corporations Act* (Alberta) and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this special resolution.
3. Notwithstanding that this special resolution has been duly passed by the holders of the Exito Shares, the directors of the Corporation may in their sole discretion revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the Exito Shares.
4. Any one director or officer of the Corporation be and the same is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

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**SCHEDULE "C"**  
**CONTINUATION RESOLUTION**

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. Exito Energy II Inc. (the "**Corporation**"):
  - a. apply under section 189(1) of the *Business Corporations Act* (Alberta) (the "**ABCA**") to the Registrar appointed under the ABCA (the "**Alberta Registrar**") for authorization to continue in another jurisdiction; and
  - b. apply to the British Columbia Registrar of Companies ("**BC Registrar**") to continue as a British Columbia company pursuant to section 302 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**").
2. Subject to and conditional upon the authorization of the Alberta Registrar for the Corporation to be continued as if it had been incorporated under the laws of British Columbia, and without affecting the validity and existence of the Corporation or of any act by or under its articles, as amended:
  - a. any one director or officer of the Corporation is authorized and directed to apply to the BC Registrar for continuation of the Corporation into British Columbia pursuant to the provisions of the BCBCA; and
  - b. the Continuation Application and the articles (the "**Articles**") the Corporation will have upon its continuation into British Columbia as a company, in the forms attached to these resolutions as Schedules "1" and "2", respectively, are approved in all respects, and both the Notice of Articles contained in the Continuation Application and the Articles are adopted effective upon the Corporation being continued into British Columbia in substitution for the Articles of Incorporation and By-laws of the Corporation.
3. Any director or officer of the Corporation is authorized and directed to do all things and execute, deliver and file all instruments and documents necessary or desirable to carry out these resolutions including, without limitation, the Articles, the Continuation Application and the Notice of Articles.
4. That Gowling WLG (Canada) LLP be appointed as the Corporation's agent to electronically file the Continuation Application with the British Columbia Registrar of Companies.
5. That any one director or officer be and is hereby authorized to do all acts and execute all documents necessary to apply for a Certificate of Continuation.
6. Notwithstanding that this special resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered without further notice or approval to the shareholders of the Corporation to abandon this application for continuation under the BCBCA at any time prior to the filing of the Continuation Application in British Columbia.

**Schedule "1" to the Continuation Resolution  
Continuation Application**

(See attached)



Telephone: 1 877 526-1526
www.bcregistryservices.gov.bc.ca

DO NOT MAIL THIS FORM to the BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the Business Corporations Act requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the Business Corporations Act for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

If you are continuing a company into BC and want the BC Incorporation number as its name, you will need to file this form on paper. Complete this form and mail to the Corporate Registry, along with a letter from the corporation's home jurisdiction authorizing the continuation in. For information on the content of the authorization letter, see the Corporate Online Help Centre at www.corporateonline.gov.bc.ca for "Continuation Application" and "Authorization for Continuation In."

A. NAME OF COMPANY – Choose one of the following:

- Checked box: The name Exito Energy II Inc. is the name reserved for the foreign corporation to be continued in. The name reservation number is: NR 1986842, OR
Unchecked box: The foreign corporation is to be continued in with a name created by adding "B.C. Ltd." after the incorporation number of the company.

B. FOREIGN CORPORATION'S CURRENT JURISDICTION

- 1. Corporate number assigned by the foreign corporation's jurisdiction: 2015678846
2. Corporation's name in the foreign corporation's jurisdiction: Exito Energy II Inc.
3. Foreign corporation's date of incorporation or the most recent date of amalgamation or continuation: 2010 / 11 / 11
4. Foreign corporation's jurisdiction of incorporation, amalgamation or continuation: Alberta

C. AUTHORIZATION FOR CONTINUATION

Authorization for the continuation from the foreign corporation's jurisdiction is:

- Unchecked boxes: ATTACHED, ALREADY FILED

D. REGISTRATION AS AN EXTRAPROVINCIAL COMPANY

Is the foreign corporation currently registered in BC as an extraprovincial company?

- Unchecked box: YES
Checked box: NO

If YES, enter the BC registration number and name of the extraprovincial company below:

Extraprovincial Registration Number in BC: \_\_\_\_\_

Extraprovincial Company Name in BC: \_\_\_\_\_

(Including assumed name, if any, approved for use in BC) \_\_\_\_\_

E. CERTIFIED CORRECT – I have read this form and found it to be correct.

Table with 3 columns: NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE FOREIGN CORPORATION, SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE FOREIGN CORPORATION, DATE SIGNED

**NOTICE OF ARTICLES**

**A. NAME OF COMPANY**

Set out the name of the company as set out in Item A of the Continuation Application.

EXITO ENERGY II INC.

**B. TRANSLATION OF COMPANY NAME**

Set out every translation of the company name that the company intends to use outside of Canada.

**C. DIRECTOR NAME(S) AND ADDRESS(ES)**

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME	DELIVERY ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ ZIP CODE	MAILING ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ ZIP CODE
Abergel, Eli			3628 - 13A Street SW Calgary, Alberta T2T 3S7	3628 - 13A Street SW Calgary, Alberta T2T 3S7
Docherty, Brad			312 Elgin Way SE Calgary, Alberta T2Z 4J8	312 Elgin Way SE Calgary, Alberta T2Z 4J8
Matheson, William			335 Greenfield Road NE Calgary, Alberta T2E 5R9	335 Greenfield Road NE Calgary, Alberta T2E 5R9
Loster, Brody			40 Stratton Hill Rise SW Calgary, Alberta T3H 1X7	40 Stratton Hill Rise SW Calgary, Alberta T3H 1X7
Oppenheim, Andrew L.			1307 Klondike Avenue SW Calgary, Alberta T2V 2C9	1307 Klondike Avenue SW Calgary, Alberta T2V 2C9
Scase, Chris			264 Wildwood Drive SW Calgary, Alberta T3C 3E1	264 Wildwood Drive SW Calgary, Alberta T3C 3E1
Reeves, Colin			77 Auburn Glen Manor SE Calgary, Alberta T3M 0L4	77 Auburn Glen Manor SE Calgary, Alberta T3M 0L4

**D. REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5

**E. RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5

**F. AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number		n/a	Yes
Preferred	no maximum number		n/a	Yes

**Schedule "2" to the Continuation Resolution  
Articles**

(See attached)

**EXITO ENERGY II INC.**  
**(THE "COMPANY")**

The Company has as its articles the following articles.

Full name and signature of Director	Date of signing

*Continuation number:* \_\_\_\_\_

**EXITO ENERGY II INC.**  
**(THE "COMPANY")**

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) "legal personal representative" means the personal or other legal representative of a shareholder;
- (5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (6) "seal" means the seal of the Company, if any.

### **1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 Shareholder Entitled to Certificate or Acknowledgment or Written Notice**

Unless the shares of which a shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share

certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

## **2.4 Delivery by Mail**

Any share certificate, non-transferable written acknowledgment of a shareholder's right to obtain a share certificate or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

## **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

## **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, provided such person has complied with the requirements of the *Business Corporations Act*.

## **2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.8 Certificate Fee**

There must be paid as a fee to the Company for the issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

## **2.9 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any

share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

### **3. ISSUE OF SHARES**

#### **3.1 Directors Authorized**

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

#### **3.2 Commissions and Discounts**

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

#### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

#### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property;
  - (c) money; and
- (2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than the issue price set for the share under Article 3.1.

#### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register and Any Branch Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing Register**

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) a duly signed instrument of transfer in respect of the share;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

For the purpose of this Article, delivery or surrender to the transfer agent or registrar which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

### **5.2 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved from time to time by the directors or the transfer agent or registrar for the class or series of share to be transferred.

### **5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

#### **5.4 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificate(s) or set out in the written acknowledgments deposited with the instrument of transfer or, if the shares are uncertificated shares, then all of the uncertificated shares registered in the name of the shareholder:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

#### **5.5 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

#### **5.6 Transfer Fee**

There must be paid as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

### **6. TRANSMISSION OF SHARES**

#### **6.1 Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative of the shareholder, or, in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of the shareholder, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

#### **6.2 Rights of Legal Personal Representative**

The legal personal representative of a shareholder has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

## **7. PURCHASE OF SHARES**

### **7.1 Company Authorized to Purchase Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

### **7.2 Purchase When Insolvent**

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

### **7.3 Redemption of Shares**

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

### **7.4 Sale and Voting of Purchased Shares**

If the Company retains a share which it has redeemed, purchased or otherwise acquired, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

### **8.1 Powers of the Company**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **8.2 Bonds, Debentures, Debt**

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
  - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
  - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
  - (d) if the Company is authorized to issue shares of a class of shares with par value:
    - (i) decrease the par value of those shares; or
    - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
  - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
  - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure;

and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

### **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and



- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued,

and alter its Notice of Articles and Articles accordingly.

### **9.3 Change of Name**

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

### **9.4 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, alter these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

### **10.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 Calling of Meetings of Shareholders**

The directors may, at any time, call a meeting of shareholders.

### **10.4 Location of Meetings of Shareholders**

A meeting of the Company may be held:

- (1) in the Province of British Columbia;
- (2) at another location outside British Columbia if that location is:
  - (a) approved by resolution of the directors before the meeting is held; or
  - (b) approved in writing by the Registrar of Companies before the meeting is held.



## **10.5 Notice for Meetings of Shareholders**

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

## **10.6 Notice of Resolution to which Shareholders May Dissent**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

## **10.7 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

## **10.8 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

## **10.9 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **10.10 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting or a circular prepared in connection with the meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

## **11.2 Special Majority**

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

## **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present or represented by proxy.

## **11.4 Persons Entitled to Attend Meeting**

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxyholder entitled to vote at the meeting.

## **11.5 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

## **11.6 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

## **11.7 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.6 was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the meeting shall be terminated.

## **11.8 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

### **11.9 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **11.10 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

### **11.11 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

### **11.12 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

### **11.13 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **11.14 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

### **11.15 Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders, either on a show of hands or on a poll, does not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.16 Manner of Taking Poll**

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

### **11.17 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

### **11.18 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.19 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.20 No Demand for Poll on Election of Chair**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.21 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.22 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **12.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

### **12.5 Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
  - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
  - (b) by the chair of the meeting at the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;

- (2) if a representative is appointed under this Article 12.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.
  - (b) Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

## **12.6 Proxy Provisions Do Not Apply to All Companies**

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

## **12.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

## **12.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

## **12.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

## **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:



- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or any adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

### **12.11 Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given or has been taken.

### **12.12 Form of Proxy**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

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Signed [month, day, year]

---

[Signature of shareholder]

---

[Name of shareholder—printed]



### **12.13 Revocation of Proxy**

Subject to Article 12.4, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

### **12.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.15 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **13. DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
  - (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) those directors whose term of office expires at the annual general meeting cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

### **14.3 Failure to Elect or Appoint Directors**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for

the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 Remaining Directors' Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.11 or 14.11.

#### **14.10 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy

contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

### **15. ALTERNATE DIRECTORS**

#### **15.1 Appointment of Alternate Director**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

#### **15.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

#### **15.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

#### **15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **15.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor.

## **15.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

## **15.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

## **15.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

## **16. POWERS AND DUTIES OF DIRECTORS**

### **16.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

### **16.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **17. INTERESTS OF DIRECTORS AND OFFICERS**

### **17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **17.2 Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **17.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **17.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

### **17.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### **17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.



## **17.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

### **18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **18.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board or if designated by the chair, the president, a director or other officer; or
- (3) any other director or officer chosen by the directors if:
  - (a) neither the chair of the board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) neither the chair of the board nor the president is willing to chair the meeting; or
  - (c) the chair of the board and the president have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner



contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

### **18.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

### **18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

### **18.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

### **18.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

## **18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. EXECUTIVE AND OTHER COMMITTEES**

### **19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and

- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times and in such manner and form as the directors may require.

### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

### **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **20. OFFICERS**

### **20.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;

- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

### **20.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **21. INDEMNIFICATION**

### **21.1 Definitions**

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the *Business Corporations Act*.

### **21.2 Mandatory Indemnification of Eligible Parties**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 Indemnification**

Subject to any restrictions in the *Business Corporations Act* and these Articles, the Company may indemnify any person.

### **21.4 Non-Compliance with *Business Corporations Act***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

### **21.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **22. DIVIDENDS**

### **22.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

## **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

## **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

## **22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

## **22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

## **22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **22.12 Payment of Dividends**

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

### **22.13 Capitalization of Retained Earnings or Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

## **23. ACCOUNTING RECORDS AND AUDITORS**

### **23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **23.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

### **23.3 Remuneration of Auditors**

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

## **24. NOTICES**

### **24.1 Method of Giving Notice**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record (for the purposes of this Article 24, a "record") required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or
  - (c) in any other case, the delivery address of the intended recipient;



- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- (6) physical delivery to the intended recipient.

#### **24.2 Deemed Receipt**

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and
- (4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 24.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

#### **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

#### **24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

#### **24.5 Notice to Legal Personal Representatives and Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and



- (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

#### **24.6 Undelivered Notices**

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

### **25. SEAL**

#### **25.1 Who May Attest Seal**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

#### **25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

#### **25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. PROHIBITIONS**

### **26.1 Definitions**

In this Article 26:

- (1) "designated security" means:
  - (a) a voting security of the Company;
  - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph or ;
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (3) "voting security" means a security of the Company that:
  - (a) is not a debt security, and
  - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

### **26.2 Application**

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

### **26.3 Consent Required for Transfer of Shares or Designated Securities**

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

## **27. SPECIAL RIGHTS AND RESTRICTIONS - COMMON SHARES**

The Common Shares without par value in the authorized share structure of the Company ("Common Shares") have attached to them the special rights and restrictions set out in this Part 27.

### **27.1 Voting Rights**

Except as required by law or by these Articles, the holders of the Common Shares, as such, are entitled to receive notice of every meeting of shareholders of the Company and are entitled to vote at those meetings in person or by proxy.

### **27.2 Dividends**

- (1) Except as otherwise provided in these Articles, the holders of the Common Shares, as such, are entitled to receive on the date fixed for payment, and the Company will pay, such dividends as the directors may in their sole and absolute discretion declare from time to time.

- (2) Except as otherwise provided in these Articles, the directors may, in their sole and absolute discretion, at any time:
- (a) declare and pay, or set apart for payment, a dividend on the Common Shares independently of any dividend on, and without also declaring or paying or setting apart for payment any dividend (whether or not of a similar amount or similar kind) on, any one or more other classes of shares in the Company; and
  - (b) declare and pay, or set apart for payment, dividends on shares of any one or more classes of shares in the Company other than the Common Shares independently of any dividend on, and without also declaring or paying or setting apart for payment any dividend (whether or not of a similar amount or similar kind) on, the Common Shares.

### **27.3 Winding Up**

In the event of the liquidation or dissolution of the Company, or of any distribution of property and assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares, as such, will, subject to the rights of the holders of the Preferred Shares and any other class of shares in the Company entitled to receive property and assets of the Company upon such a distribution in priority to the holders of the Common Shares, be entitled to receive, on a share for share basis, all remaining property and assets of the Company.

## **28. SPECIAL RIGHTS AND RESTRICTIONS – PREFERRED SHARES**

The Preferred Shares without par value in the authorized share structure of the Company (“Preferred Shares”) have attached to them the special rights and restrictions set out in this Part **Error! Reference source not found.**

### **28.1 Voting Rights**

Except as required by law or by these Articles, the holders of the Preferred Shares, as such, are not entitled to receive notice of any meetings of shareholders of the Company and are not entitled to vote at those meetings in person or by proxy.

### **28.2 Dividends**

- (1) Except as otherwise provided in these Articles, each holder of a Preferred Share, as such, is entitled to receive, and the Company will pay to that holder, for each financial year of the Company, a fixed, preferential, non-cumulative dividend (the “Preferred Dividend”) on each Preferred Share held, if, as and when declared by the directors in their discretion. The maximum Preferred Dividend on a Preferred Share for any financial year of the Company will be equal to the percentage of the Preferred Redemption Amount determined by the directors of the Company at the time such Preferred Share is issued
- (2) For greater certainty, any reference in these Articles to “unpaid Preferred Dividends” on a Preferred Share at any time means the Preferred Dividends, if any, that have been declared payable on that Preferred Share by the directors on or before that time pursuant to this Part **Error! Reference source not found.**, but that remain unpaid at that time.
- (3) The directors are entitled to declare and pay all or any part of the maximum Preferred Dividend on the Preferred Shares for any financial year of the Company at any time and from time to time.

- (4) The holders of the Preferred Shares, as such, are not entitled to any dividend other than the Preferred Dividend if, as and when declared by the directors on the Preferred Shares pursuant to this Part **Error! Reference source not found.**
- (5) Subject to these Articles, if the Preferred Dividend or any part of it is not declared by the directors pursuant to these Articles for any financial year of the Company by the end of that financial year it will be forever extinguished.
- (6) The Company will not:
  - (a) declare, pay or set apart for payment any dividend;
  - (b) make or pay any other distribution of any kind; or
  - (c) pay any proceeds of redemption, proceeds of retraction, or purchase price,

on or in respect of the Common Shares, or any other class of shares in the Company ranking junior to the Preferred Shares at any time if the directors, on reasonable grounds, determine that the Company would, after the payment, be unable to pay (i) the liabilities of the Company as they become due and (ii) the total Preferred Redemption Amount of the issued and outstanding Preferred Shares.

### **28.3 Company's Right to Redeem**

The Company has the right, exercisable at any time, to redeem, in whole or in part, the outstanding Preferred Shares on the terms and subject to the conditions set out in these Articles (the "Preferred Redemption Right").

### **28.4 Pro Rata Redemption**

Except with the consent of the holders of all the issued Preferred Shares, the Company will only redeem Preferred Shares pursuant to the Preferred Redemption Right on a pro rata basis among all holders of Preferred Shares in accordance with the number of Preferred Shares held by each of them at the time of redemption.

### **28.5 Notice of Redemption**

Subject to these Articles, if the Company wishes to exercise the Preferred Redemption Right, the Company must give notice in writing of that exercise (the "Preferred Redemption Notice") to each holder of Preferred Shares to be redeemed at least 10 days before the proposed redemption, specifying the number of Preferred Shares to be redeemed and the date for redemption of those Preferred Shares (the "Preferred Redemption Date"). A Preferred Redemption Notice may be given to the holder of a Preferred Share at the last address of that holder as it appears on the books of the Company. The inadvertent failure to give a Preferred Redemption Notice to any person will not affect the validity of the redemption.

### **28.6 Preferred Retraction Right**

Each holder of a Preferred Share has the right, exercisable by it at any time, to require the Company to redeem some or all of its Preferred Shares on the terms and subject to the conditions set out in these Articles (the "Preferred Retraction Right").

## **28.7 Procedure to Exercise Preferred Retraction Right**

Subject to these Articles, if at any time the holder of a Preferred Share wishes to exercise the Preferred Retraction Right, the holder must give a notice in writing of that exercise (the “Preferred Retraction Notice”) to the Company and to each other holder of Preferred Shares (the “Other Preferred Shareholders”) specifying:

- (1) the number of the holder’s Preferred Shares to be redeemed; and
- (2) the Preferred Redemption Date for those Preferred Shares, which date must satisfy the following requirements:
  - (a) if at that time any Other Preferred Shareholder has already specified a Preferred Redemption Date that has not passed, then that date already specified is the Preferred Redemption Date; or
  - (b) in any other case, the Preferred Redemption Date must be at least 15 days and not more than 60 days after the latest date that such Preferred Retraction Notice is given to the Company and to the Other Preferred Shareholders.

## **28.8 Retraction on Insolvency**

Despite any other provisions in these Articles, if any holder of Preferred Shares exercises the Preferred Retraction Right to require the Company to redeem one or more Preferred Shares on a particular Preferred Redemption Date, the Company will not be obligated to redeem those Preferred Shares to the extent that such redemption would render the Company insolvent or would be contrary to the solvency requirements or other provisions of applicable law. If the directors of the Company determine that the Company would be insolvent after that redemption, or would not be permitted by any solvency requirements or other provisions of applicable law to redeem all those Preferred Shares, the Company will give notice of that determination to each holder of Preferred Shares to be redeemed on that Preferred Redemption Date, and the Company will then only be obligated to redeem those Preferred Shares on that Preferred Redemption Date pro rata, based on the number of Preferred Shares tendered for redemption, to the extent of the maximum number of those shares that may be redeemed without breaching those requirements or other provisions, as determined by the directors of the Company.

## **28.9 Waiver of Notice**

Any person entitled to receive a Preferred Redemption Notice or a Preferred Retraction Notice may waive receipt of, or any of the requirements to give, that notice, or the time for giving that notice, and that waiver, whether given before or after redemption, will be effective for all purposes of these Articles and will cure any failure in respect of that notice, including failure to give that notice, to give the specified form of notice, or to give the notice by a particular date.

## **28.10 Redemption**

- (1) The Company will redeem the number of Preferred Shares specified in the relevant Preferred Redemption Notice or Preferred Retraction Notice on the applicable Preferred Redemption Date, on the terms and subject to the conditions set out in these Articles.
- (2) Despite the terms and conditions set out in these Articles, the applicable Preferred Redemption Date can be changed by the agreement of the Company and all holders of Preferred Shares.

### **28.11 Payment on Redemption**

Subject to Article 28.12, the Company will redeem the Preferred Shares which are to be redeemed pursuant to the exercise of any Preferred Redemption Right or Preferred Retraction Right by paying to the holder of those Preferred Shares on the applicable Preferred Redemption Date the Preferred Redemption Amount for those Preferred Shares plus all unpaid Preferred Preferential Dividends owing on them, in cash or in kind, on surrender to the Company for cancellation of the certificate, if any, for those Preferred Shares at the registered office of the Company or any other reasonable place acceptable to the Company.

### **28.12 Deposit of Funds for Certificated Shares**

If the certificate representing any certificated Preferred Share being redeemed has not been surrendered by the holder of that share in accordance with these Articles, the Company will have the right, but not the obligation, to deposit the amount payable by it on redemption for such Preferred Share into an account in any chartered bank or trust company in British Columbia, or into a trust account with a lawyer or law firm in British Columbia. If that deposit is made, the Company will instruct that bank, trust company, lawyer or law firm, as applicable, to pay the amount so deposited, without interest, to or to the order of the holder of that Preferred Share upon surrender to the Company, or to the bank, trust company, lawyer or law firm, as applicable, for cancellation of the certificate representing that Preferred Share. Any interest earned on the Company's deposit will be the property of and be paid to the Company.

### **28.13 No Further Rights**

The Preferred Shares to be redeemed on any Preferred Redemption Date will be deemed to have been redeemed on that date and the holders of those Preferred Shares will have no further rights against the Company in respect of those Preferred Shares (including any right to any further Preferred Preferential Dividend), except the right to be paid in full the Preferred Redemption Amount and all unpaid Preferred Preferential Dividends, and those Preferred Shares:

- (1) will be, and will be deemed to have been, redeemed; and
- (2) unless otherwise determined by the Company will be, and will be deemed to be, cancelled;

on such Preferred Redemption Date.

### **28.14 Balancing Certificate**

If less than all the Preferred Shares represented by a certificate are to be redeemed, the Company will, at its expense, issue a new certificate for the balance of those shares.

### **28.15 Definition of Preferred Redemption Amount**

In these Articles, the term "Preferred Redemption Amount" in respect of each Preferred Share means:

- (1) if the Preferred Share is not issued in consideration for property, the amount designated by the directors of the Company in respect of the issuance of that Preferred Share; or
- (2) if the Preferred Share is issued in consideration for property (including in consideration for any other share of the Company), the fair market value of the property received by the Company in consideration for the issuance of that Preferred Share (the "Relevant Preferred Property") computed as at the time that Preferred Share was issued, net of the fair market value of any



other consideration given by the Company for the Relevant Preferred Property, and computed on a per share basis.

### **28.16 Determination of Preferred Redemption Amount**

The directors, acting in good faith, will be entitled at any time and from time to time to estimate the fair market value of the Relevant Preferred Property and, based on that estimate, to designate an amount as the Preferred Redemption Amount (the amount so designated from time to time is referred to in these Articles as the "Designated Preferred Redemption Amount"). The most recent designation of the Preferred Redemption Amount made by the directors pursuant to these Articles will be conclusive evidence at law and in equity against all persons (including the Company, its creditors, trustees or other representatives, and all shareholders of the Company, and their respective successors and assigns) that the Preferred Redemption Amount is equal to that Designated Preferred Redemption Amount.

### **28.17 Redetermination**

For greater certainty, despite any prior designation of an amount as the Preferred Redemption Amount, the directors of the Company, acting in good faith, will be entitled at any time to designate another amount as the Preferred Redemption Amount having regard to any advice or information that the directors, in their discretion, deem necessary or advisable regarding the actual fair market value of the Relevant Preferred Property, computed as at the time of issue of that Preferred Share, net of any other consideration and computed on a per Preferred Share basis. That advice or information may include any appraisal or other indication of value, or any relevant tax assessment or reassessment of the Company or any shareholder of the Company issued or proposed to be issued by the Minister of National Revenue for Canada or any other competent taxation authority, or any order or ruling of a court of competent jurisdiction.

### **28.18 Consequences of Redetermination**

If at any time the directors designate the Preferred Redemption Amount in respect of any Preferred Share pursuant to these Articles then, whether or not any or all of the Preferred Shares are then held by their original holders, and whether or not any or all of the Preferred Shares are then outstanding:

- (1) the Preferred Redemption Amount in respect of each Preferred Share will be deemed for all purposes of these Articles retroactively and *nunc pro tunc* as of the date of issue of that Preferred Share to be equal to that Designated Preferred Redemption Amount, and that designation will supersede and replace any prior designation of a Preferred Redemption Amount;
- (2) any dividend declared on a Preferred Share before that designation will be deemed to have been declared in accordance with the dividend entitlement provided in these Articles notwithstanding that the effective rate of any such dividend, when computed using the prevailing Designated Preferred Redemption Amount, may be greater or less than the rate contemplated in these Articles or in a resolution or determination of the directors;
- (3) if any Preferred Share has been redeemed or otherwise acquired by the Company, or for any other reason is no longer issued and outstanding, then the appropriate adjustments will be made between the parties, namely, either (A) the Company, or its successors or assigns, will pay to the last registered holder of that Preferred Share, or its successors or assigns, the Designated Preferred Redemption Amount less the amount previously paid to that holder upon the redemption or other acquisition of that Preferred Share by the Company, or (B) the last registered holder of that Preferred Share, or its successors or assigns, will repay to the Company, or its successors or assigns, the amount previously paid to that holder upon the redemption or other acquisition of that Preferred Share by the Company less the Designated Preferred Redemption

Amount, depending on whether the Designated Preferred Redemption Amount exceeds or is less than the amount previously paid to that holder upon the redemption or other acquisition of that Preferred Share; and

- (4) to the greatest extent reasonably practicable, the Company and the holders of the Preferred Shares, and their respective successors and assigns, will make all other adjustments and take all steps as may be required as a result of that designation, and those adjustments will be effective retroactively, *nunc pro tunc*, as of the date of issue of the Preferred Shares.

#### **28.19 Return of Capital**

To the extent permitted by, and subject to the provisions of, the *Business Corporations Act*, the holders of the Preferred Shares, as such, may receive from the Company by way of a return of capital on the Preferred Shares such amounts as the directors may in their sole and absolute discretion determine from time to time, and the Preferred Redemption Amount in respect of the Preferred Shares will be reduced accordingly to the extent that there is a payment by the Company to the holders of the Preferred Shares by way of a return of capital on those shares.

#### **28.20 Winding Up**

In the event of the liquidation or dissolution of the Company, or of any distribution of property and assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares, as such, will, subject to the rights of the holders of any other class of shares in the Company entitled to receive property and assets of the Company upon such a distribution in priority to the holders of the Preferred Shares, be entitled to receive from the property and assets of the Company an amount equal to the Preferred Redemption Amount in respect of each Preferred Share held by them respectively, plus any unpaid Preferred Dividends owing in respect of all Preferred Shares held by them respectively, before any amount is paid or any property and assets of the Company are distributed to the holders of any Common Shares, or any other class of shares in the Company ranking junior to the Preferred Shares on such a distribution. After payment to the holders of the Preferred Shares of the amount payable to them as provided in this Article, they will not, as such, be entitled to share in any further distribution of property and assets of the Company among its shareholders upon such a distribution.



**SCHEDULE "D"**  
**SECTION 191 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)**

Shareholder's Right to Dissent

- 191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
  - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
  - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),
- to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
- (a) be made on the same terms, and
  - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
- (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - (f) the service of documents, and
  - (g) the burden of proof on the parties.
- (13) On an application under subsection (6), the Court shall make an order
- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
  - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (14) On:
- (a) the action approved by the resolution from which the shareholder dissents becoming effective,

- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholders shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

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**SCHEDULE "E"  
JOINT SUPPLEMENT**

**JOINT INFORMATION CIRCULAR SUPPLEMENT**

**OF**

**GOOD LIFE NETWORKS INC.**

**AND**

**EXITO ENERGY II INC.**

**FOR ANNUAL GENERAL AND SPECIAL MEETINGS TO BE HELD**

**On May 26, 2017**

**With respect to a Proposed Arrangement involving**

**Good Life Networks Inc. and Exito Energy II Inc.**

**March 31, 2017**

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Joint Supplement.*

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## INFORMATION CONTAINED IN THIS JOINT SUPPLEMENT

The information contained in this Joint Supplement is given as at March 31, 2017, except where otherwise stated. Unless the context otherwise requires, any reference to "Exito" means Exito Energy II Inc. and any reference to "GLN" means Good Life Networks Inc. Certain other terms used herein are defined in the "Glossary of Terms".

### Currency Presentation and Exchange Rate Information

In this Joint Supplement, unless otherwise specified, all references to "U.S. dollars", "\$" or "US\$" are to United States dollars, all references to "CAD\$" or "Canadian dollars" are to Canadian dollars.

	Six Months Ended June 30		Year ended December 31		
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
High	US\$0.8002	US\$0.8562	US\$0.8562	US\$0.9444	US\$1.0188
Low	0.6821	0.7791	0.7141	0.8568	0.9314
Average	0.7518	0.8095	0.7820	0.9054	0.9710
Period End	0.7742	0.8006	0.7225	0.8620	0.9402

The noon exchange rate on March 31, 2017 as reported by the Bank of Canada for the conversion of one U.S. dollar into Canadian dollars was US\$1.00 equals CAD\$1.3322 (CAD\$1.00 equals US\$0.7506).

**No person has been authorized by Exito or GLN to give information or to make any representations in connection with the Acquisition other than those contained in this Joint Supplement and related documents, and if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the matters contained herein, as applicable.**

**This Joint Supplement does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.**

**Shareholders should not construe the contents of this Joint Supplement as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection therewith. No securities regulatory authority in Canada has expressed an opinion about, or passed upon the fairness or merits of, the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.**

**The Acquisition has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Acquisition or upon the accuracy or adequacy of the information contained in this Joint Supplement and any representation to the contrary is unlawful.**

### Cautionary Note Regarding Forward-Looking Information

This Joint Supplement contains or refers to certain "forward-looking information" as defined under Canadian securities laws and other applicable securities laws. Forward-looking information includes, but is not limited to, the expectations, intentions, plans and beliefs of Exito or GLN, as applicable. Forward-looking information can often be identified by forward-looking words such as "anticipate", "does not anticipate", "believe", "expect", "does not expect", "goal", "plan", "intend", "estimate", "project", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. Forward-looking information may include but is not limited to statements and information relating to:

- the Acquisition and the timing of approvals related thereto;
- the synergies and financial impact of the Acquisition;
- the activities, events or developments that either of Exito or GLN expect or anticipate will or may occur in the future;
- expectations regarding the ability to raise capital;
- the amount and use of the proceeds from the Concurrent Financing;
- the Resulting Issuer Pro Forma Statements;
- the proposed business, operation and financial performance and condition of the Resulting Issuer; and
- details concerning the Resulting Issuer that assume completion of the Acquisition.

The forward-looking information contained in this Joint Supplement are based on current expectations and beliefs concerning future developments and their potential effects on the Parties and are based on certain assumptions, including among other things, that the GLN Shareholders will approve the Arrangement Resolution, that the Exito Shareholders will approve the Exito Resolutions, that GLN will complete the Concurrent Financing, that all third party regulatory and governmental approvals will be obtained in a timely manner, and that all the conditions precedent to the completion of the Acquisition will be satisfied or waived.

Although the Parties believe that the expectations and assumptions are reasonable, there can be no assurance that forward-looking information included herein will prove to be accurate. Forward-looking information is subject to a number of known and unknown risks, uncertainties (some of which are beyond the control of the Parties) and other factors that could cause actual results or performance to be materially different from those expressed or implied by such forward-looking information.

Factors that could cause actual results to differ materially from any forward-looking information include, but are not limited to: inability to obtain necessary capital; operating risks; reliance on and retention of management and key personnel; competition in industry; exchange rate fluctuations; stock market volatility and ability to access sufficient capital from internal and external sources; future sales of resulting issuer shares by principal securityholders and insiders; the economy generally; exposure to existing and potential litigation and other factors beyond the control of the Resulting Issuer. In addition, there are risks and hazards associated with the business of digital marketing including trademarks, copyrights and other intellectual property rights; inability to adapt to technological change, new products and standards; competition from new or existing technologies and other competitors; reliance on third-party specialist agencies, brokers and intermediaries reduces control over company performance; and, government regulation changes, as well as risks and hazards set out herein under the heading "Risk Factors" herein, "Risks and Uncertainties" in each of the Exito Annual MD&A and the Exito Interim MD&A and "Risk Factors" in each of the GLN Annual MD&A and the GLN Interim MD&A.

You are cautioned not to place undue reliance on the forward-looking information contained herein. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

All subsequent written and oral forward-looking information attributable to Exito, GLN or persons acting on their behalf are expressly qualified in their entirety by this notice.

These factors are not intended to represent a complete list of the general or specific factors that could affect Exito, GLN, or the Resulting Issuer after giving effect to the transactions contemplated by the Acquisition. Additional factors are noted elsewhere in this Joint Supplement and may be noted in any documents incorporated by reference herein, and there may be other factors that cause actions, events or results to occur that have not been anticipated, estimated or intended.

All forward-looking information attributable to Exito or GLN, or persons acting on their behalf, is expressly qualified in their entirety by the cautionary statements set forth above. Readers of this Joint Supplement are cautioned not to place undue reliance on the forward-looking information contained in this Joint Supplement, which reflect the analysis of the management of Exito or GLN, as applicable, as of the date of this Joint Supplement. Neither Exito nor GLN undertakes any obligation to update forward-looking information except as required by applicable securities laws.

#### **Information Pertaining to GLN**

Certain information in this Joint Supplement pertaining to GLN has been provided by GLN. GLN has reviewed this Joint Supplement and confirmed the accuracy and completeness for applicable securities law purposes of the information respecting GLN herein. Although Exito does not have any knowledge that would indicate that such information is untrue or incomplete, neither Exito nor any of the Exito Directors or officers of Exito assumes any responsibility for the accuracy or completeness for applicable securities law purposes of such information including any of GLN's financial statements, or for the failure by GLN to disclose events or information that may affect the completeness or accuracy of such information.

#### **Information Pertaining to Exito**

Certain information in this Joint Supplement pertaining to Exito has been provided by Exito. Exito has reviewed this Joint Supplement and confirmed the accuracy and completeness for applicable securities law purposes of the information respecting Exito herein. Although GLN does not have any knowledge that would indicate that such information is untrue or incomplete, neither GLN nor any of the GLN Directors or officers assumes any responsibility for the accuracy or completeness for applicable securities law purposes of such information including any of Exito's financial statements, or for the failure by Exito to disclose events or information that may affect the completeness or accuracy of such information.

#### **Note Relating to Prospective Financial Information**

The prospective financial information included in this Joint Supplement has been prepared by, and is the responsibility of, GLN's management. Neither PricewaterhouseCoopers LLP nor Smythe LLP has examined, compiled, nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, neither PricewaterhouseCoopers LLP nor Smythe LLP has expressed an opinion or any other form of assurance on such information or its achievability. Neither PricewaterhouseCoopers LLP nor Smythe LLP assumes responsibility for, and each of PricewaterhouseCoopers LLP and Smythe LLP denies any association with the prospective financial information included in this Joint Supplement. The reports of PricewaterhouseCoopers LLP and Smythe LLP included or in this Joint Supplement refer exclusively to the historical financial statements described therein and do not extend to the prospective financial information included in this Joint Supplement and should not be read to do so.

## GLOSSARY OF TERMS

The following terms used in this Joint Supplement have the meanings set forth below:

"**ABCA**" means the *Business Corporations Act*, (Alberta) R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

"**Acquisition**" means the acquisition of all of the issued and outstanding GLN Shares by Exito.

"**Acquisition Proposal**" means with respect to GLN, any inquiry or the making of any proposal to GLN or the GLN Shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from GLN or the GLN Shareholders of any securities of GLN (other than on exercise of currently outstanding GLN Warrants) pursuant to which, if consummated, such person would own or control, directly or indirectly, 20% or more of any class of GLN's securities; (ii) any acquisition of a material amount of the assets of GLN; (iii) an amalgamation, arrangement, merger, or consolidation involving GLN; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving GLN or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Exito under the Arrangement Agreement or the Arrangement.

"**affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Agent**" means Macquarie Private Wealth Inc.

"**allowable capital loss**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**Amalco**" means the corporation to be formed pursuant to the Amalgamation.

"**Amalgamation**" means the vertical short form amalgamation of Exito and GLN pursuant to Section 3.1 of the Plan of Arrangement.

**"Applicable Laws"**, in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities.

**"Arrangement"** means the arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA set forth in the plan of Arrangement, as supplemented, modified or amended.

**"Arrangement Agreement"** means the Amended and Restated Arrangement Agreement between GLN and Exito dated January 31, 2017, as amended by the Amending Agreements, a copy of which is attached hereto as Appendix "A".

**"Arrangement Resolution"** means the special resolution of the GLN Shareholders, to be passed at the GLN Meeting to approve the Arrangement in the form attached as Schedule "A" to the GLN Circular.

**"Amending Agreements"** means collectively, the amending agreement between GLN and Exito dated effective March 31, 2017 and the second amending agreement between GLN and Exito dated effective March 31, 2017.

**"Associate"** when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
  - (i) that person's spouse or child, or
  - (ii) any relative of the person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**"BCBCA"** means the *Business Corporations Act*, (British Columbia) S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder.

**"Bridge Financing"** means the issuance by GLN of approximately \$800,000 in aggregate principal amount of unsecured convertible notes on a private placement basis to certain investors.

**"Board"** or **"Board of Directors"** means the GLN Board or the Exito Board, as applicable.

**"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of British Columbia and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business.

"**CEO**" means Chief Executive Officer.

"**Certificate of Amalgamation**" means the certificate of amalgamation issued by the Registrar in respect of the Amalgamation.

"**CFO**" means Chief Financial Officer.

"**Computershare**" means Computershare Trust Company of Canada.

"**Concurrent Financing**" means a non-brokered private placement by GLN of subscription receipts of GLN, at a price per subscription receipt of not less than CAD\$0.25, for gross proceeds of CAD\$6,500,000.

"**Consolidation Resolution**" means the special resolution of the Exito Shareholders in respect of the Exito Consolidation to be considered at the Exito Meeting in substantially the form attached as Schedule "B" to the Exito Circular.

"**Continuance Dissent Rights**" means the rights of dissent of Exito Shareholders in respect of the Exito Continuance pursuant to the provisions of section 191 of the ABCA.

"**Continuance Resolution**" means the special resolution of the Exito Shareholders in respect of the Exito Continuance to be considered at the Exito Meeting in substantially the form attached as Schedule "C" to the Exito Circular.

"**Control Person**" means any Person or company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of such issuer.

"**Convertible Note**" means the unsecured convertible notes issued to certain investors pursuant to the Bridge Financing.

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

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**CPC**" means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"**CPC Escrow Agreement**" means the escrow agreement dated March 28, 2013 between Exito, the securityholders of the Escrowed Exito Shares and Computershare (as successor to the original escrow agent) governing the Escrowed Exito Shares.

"**CPC Policy**" means CPC Policy 2.4 - *Capital Pool Companies* in the TSXV Corporate Finance Manual.

"**CRA**" means Canada Revenue Agency.

"**Deferred Plans**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations - Eligibility for Investment*".

"**Dissent Rights**" means rights of dissent of holders of GLN Shares in accordance with Section 238 of the BCBCA if such holder dissents to the Arrangement and the Arrangement becomes effective.

"**Dissenting Shareholder**" means a registered GLN Shareholder who has validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the GLN Shares in respect of which Dissent Rights are validly exercised by such holder.

"**Effective Date**" means the date shown on the Certificate of Amalgamation.

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date.

"**Encumbrance**" means any mortgage, pledge, assignment, charge, lien, claim security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

"**Escrow Agent**" means Computershare.

"**Escrowed Exito Shares**" means the Exito Shares governed by the CPC Escrow Agreement.

"**Escrow Policy**" means Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the Corporate Finance Manual of the TSXV.

"**Escrow Transfer Agreement**" means the escrow transfer agreements to be entered into between certain Exito Shareholders and GLN, pursuant to which GLN and/or its nominees shall concurrently with the closing of the Arrangement acquire 50% of the outstanding Escrowed Exito Shares, at a price of \$0.17 per Exito Consolidated Share.

"**Exchange Ratio**" means (a) if the Exito Consolidation is completed prior to the Effective Time, 0.2601 of a Exito Consolidated Share for every one GLN Share held; or (b) if the Exito Consolidation is not completed prior to the Effective Time, 0.5202 of an Exito Share for every one GLN Share held.

"**Exchanged Share**" means an Exito Share following completion of the Exito Consolidation (if applicable) and the Arrangement to be issued to GLN Shareholders in exchange for their GLN Shares pursuant to the Arrangement.

"**Exito**" means Exito Energy II Inc.

"**Exito Agent's Options**" means the outstanding Agent's options exercisable to acquire up to 500,000 Exito Shares at \$0.10 per Exito Share.

"**Exito Annual Financial Statements**" means the audited financial statements of Exito as at and for the years and three month periods ended December 31, 2015 and December 31, 2014, together with the auditors' report thereon and the notes thereto, attached as Appendix "F".

"**Exito Annual MD&A**" means management's discussion and analysis of Exito for the years and three month periods ended December 31, 2015 and December 31, 2014 attached as Appendix "H".

"**Exito Board**" means the board of directors of Exito.

"**Exito Break Fee**" means \$100,000.

**"Exito Consolidated Shares"** means Exito Shares immediately following the Exito Consolidation.

**"Exito Consolidation"** or **"Consolidation"** means the consolidation of Exito Shares on a two (2) for one (1) basis.

**"Exito Continuance"** means the continuance of Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to section 303 of the BCBCA and section 189 of the ABCA, such continuance to occur prior to or concurrently with the Arrangement.

**"Exito Directors"** means the directors of Exito, being Bradley Docherty, Eli Abergel, William Matheson, Brody M. Loster, Colin M. Reeves, Christopher Scase and Andrew Oppenheim.

**"Exito Circular"** means the Notice of Annual General and Special Meeting and Management Information Circular for the Exito Meeting dated March 31, 2017.

**"Exito Fee Event"** has the meaning ascribed thereto in the Arrangement Agreement.

**"Exito Governing Documents"** means the certificate and articles of incorporation of Exito, as amended to the date hereof and the by-laws of Exito.

**"Exito Interim Financial Statements"** means the interim consolidated financial statements of Exito for the three and nine month periods ended September 30, 2016 and September 30, 2015 attached as Appendix "G".

**"Exito Interim MD&A"** means management's discussion and analysis for the three and nine month periods ended September 30, 2016 and September 30, 2015 attached as Appendix "I".

**"Exito Loan"** means the loan of \$25,000 from Exito to GLN, under terms and conditions agreeable between the Parties and in compliance with the policies of the TSXV.

**"Exito Lock-up Agreements"** means the agreements between GLN and each of the Exito Lock-up Shareholders pursuant to which, among other things, such Exito Lock-up Shareholders have agreed to vote in favour of the Exito Continuance and the Exito Consolidation, not solicit other transactions and otherwise support the Arrangement, and not to sell, dispose of or otherwise encumber any of their Exito Shares (including Exito Shares to be acquired upon the exercise of convertible securities) for a period from the date of execution of such agreement until the Effective Time.

**"Exito Lock-up Shareholders"** means each of Brad Docherty, B.D. Corporate Services Inc., Eli Abergel, Colin Reeves, Brody Loster, William Matheson, The Hoff Inc., Andrew Oppenheim, Eribon Holdings Ltd., Jeff Standen, Frank Sur, Twin Star Energy Inc., John Bell, Gary Martin, Justin Charbonneau, Daniel Cheng, Brett Standen and Brady Fletcher, who have entered into the Exito Lock-up Agreements.

**"Exito Meeting"** means the annual general and special meeting of Exito Shareholders (including postponements or adjournments thereof) to be held on May 26, 2017, as such meeting may be adjourned or postponed, to consider, among other things, the Consolidation Resolution, the Acquisition Resolution and the Board Increase Resolution.

**"Exito Meeting Materials"** means this Joint Supplement, the Notice of Annual General and Special Meeting, the Exito Circular and the form of proxy for use in connection with the Exito Meeting.

**"Exito Options"** means the outstanding stock options of Exito.

**"Exito Resolutions"** means, collectively, the Continuance Resolution and the Consolidation Resolution.



**"Exito Shareholder Approval"** means the approval of the Continuance Resolution and the Consolidation Resolution, by not less than 66 2/3% of the votes cast on each such resolution by Exito Shareholders present in person or by proxy at the Exito Meeting.

**"Exito Shareholders"** means the registered holders of Exito Shares.

**"Exito Shares"** means common shares in the capital of Exito.

**"Exito Stock Option Plan"** means the stock option plan established by Exito on March 28, 2013.

**"Final Exchange Bulletin"** means the bulletin issued by the TSXV relating to the Acquisition, which evidences final TSXV acceptance of the Acquisition.

**"Final Order"** means the order of the Court approving the Arrangement, as such order may be amended at any time prior to the Effective Date and deeming the transaction fair to all GLN Shareholders or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or amended on appeal.

**"Form 51-102F6"** means National Instrument Form 51-102F6 - *Statement of Executive Compensation*.

**"GLN"** means Good Life Networks Inc., a corporation existing pursuant to the laws of the Province of British Columbia.

**"GLN Annual Financial Statements"** means, collectively, the audited consolidated financial statements of GLN for the financial years ended December 31, 2015, 2014 and 2013, attached hereto as Appendix "B".

**"GLN Annual MD&A"** means management's discussion and analysis of GLN for the years and three month periods ended December 31, 2015 and December 31, 2014.

**"GLN Break Fee"** means \$100,000.

**"GLN Broker Warrants"** means the outstanding broker warrants issued between December 18, 2013 and October 31, 2014 exercisable to acquire GLN Shares at a price of \$0.125 per GLN Share for a period of 36 months from the date that GLN Shares are listed on a stock exchange in Canada.

**"GLN Circular"** means the management information circular dated as of March 31, 2017 for the GLN Meeting.

**"GLN Director"** means Michael Woodman, the sole director of GLN.

**"GLN Disclosure Letter"** means the disclosure letter executed by GLN and delivered to Exito concurrently with the execution of the Arrangement Agreement.

**"GLN Fee Event"** has the meaning ascribed thereto in the Arrangement Agreement.

**"GLN Interim MD&A"** means management's discussion and analysis for the three and nine month periods ended September 30, 2016 and September 30, 2015.

**"GLN Lock-up Agreements"** means the agreements between Exito and each of the GLN Lock-up Shareholders pursuant to which, among other things, GLN agrees to vote in favour of the Arrangement and not solicit other transactions and otherwise support the Arrangement, and not to sell, dispose of or otherwise encumber any of the GLN Shares for a period from the date of execution of such agreement until the Effective Time.

**"GLN Lock-up Shareholders"** means each of Chris Bradley, Cliff Dumas, Doreen Tomlin, Empire Digital Corp., Gillian Woodman, Ib Moller, Janice Carr, Jim Jensen, Jodie Griswold, Joel Woodman Justin Woodman, Kid Carson

Communications Inc., Lawrence Woolman, Merva and Leonard Woolman, Michael Christopher, Michael Woodman, Paul Matysek and Scott Matheson who have entered into the GLN Lock-up Agreements.

"**GLN Meeting**" means the annual general and special meeting of GLN Shareholders (including any postponements or adjournments thereof) to be held on May 26, 2017, as such meeting may be adjourned or postponed, to consider, among other things, the Arrangement Resolution.

"**GLN Meeting Materials**" means this Joint Supplement, the notice of the GLN Meeting, the GLN Circular and the form of proxy for use in connection with the GLN Meeting.

"**GLN Shareholder Approval**" means the approval of the Arrangement Resolution by greater than 66⅔% of the votes cast on the Arrangement Resolution by GLN Shareholders present in person or by proxy at the GLN Meeting.

"**GLN Shareholders**" means the registered holders of the issued and outstanding GLN Shares.

"**GLN Shares**" means common shares in the capital of GLN.

"**GLN Special Warrants**" has the meaning ascribed thereto under the heading "*Information Concerning GLN - Description of Capital Structure - GLN Warrants*".

"**GLN Warrants**" means the outstanding warrants to acquire GLN Shares.

"**Governmental Authority**" means:

- (a) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing;
- (b) any self-regulatory organization or stock exchange;
- (c) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and
- (d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies pursuant to the foregoing;

"**Holder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations - General*".

"**IFRS**" means International Financial Reporting Standards as applied by the International Accounting Standards Board (IASB).

"**Insider**" if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

- (d) the issuer itself if it holds any of its own securities.

**"Interim Order"** means the interim order of the Court granted April 27, 2017, as the same may be amended, containing declarations and directions with respect to the Arrangement and providing for, among other things, the calling and holding of the GLN Meeting. A copy of the Interim Order is attached as Schedule "D" to the GLN Circular.

**"IPO"** means an initial public offering.

**"IPO Shares"** means the issuance of 5,000,000 Exito Shares at a price of \$0.10 per share as part of the Exito IPO.

**"Joint Supplement"** means this joint supplement including all Appendices hereto, as it may be amended, restated or supplemented from time to time.

**"Laws"** means any applicable laws with respect to any Person, including without limitation any supranational, domestic or foreign, federal, national, state, provincial or local, commercial, outlining, securities, tax, personal land use and zoning, sanitizing occupational health and safety and real property, security, intellectual property, investment, property ownership laws (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, issued or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

**"Material Adverse Change"** means, in respect of either Exito or GLN, as the case may be, any change in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, leases, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of such party or any subsidiary, which is materially adverse to the business of such party and its subsidiaries (considered as a whole), other than a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other prior to the date hereof; (ii) that results from conditions affecting the technology sector generally; (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto.

**"Material Adverse Effect"** means, in relation to any event or change, means an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Exito or GLN, as the case may be, and their respective subsidiaries (considered as a whole); provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other; (ii) that results from conditions affecting the technology sector industry generally; or (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto.

**"Meetings"** means the GLN Meeting and the Exito Meeting.

**"Named Executive Officer"** or **"NEO"** means each of the following individuals:

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

individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and

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

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**Non-Resident Dissenting Shareholder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Non-Resident Dissenting Shareholder*".

"**Non-Resident Holder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations - Holders Not Resident in Canada*".

"**Outside Date**" means July 31, 2017.

"**Parties**" means GLN and Exito, and "**Party**" means any one of them.

"**Person**" means an individual, general partnership, limited partnership, corporation, company, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative.

"**Plan of Arrangement**" means the plan of arrangement substantially set out as Schedule "A" to the Arrangement Agreement, a copy of which is attached hereto as Appendix "A".

"**Programmatic Marketing Platform**" means the programmatic marketing platform developed by GLN to connect digital advertisers to consumers across online display, mobile, social and video advertising channels.

"**Proposed Amendments**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations - General*".

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"**Registered GLN Shareholder**" means a registered holder of GLN Shares as recorded on the shareholders' register maintained by Computershare.

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

"**Representatives**" means collectively, any officer, director, employee, representative (including any financial or other advisor) or agent of the GLN Lock-up Shareholders.

"**Resident Dissenting Shareholder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Resident Dissenting Shareholders*".

"**Resident Holder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*".

"**Resulting Issuer**" means Good Life Networks Inc., being Exito upon completion of the Arrangement and the Amalgamation thereunder.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer.

**"Resulting Issuer Principals"** means Michael Woodman, Eugene Valaitis, Cliff Dumas, Cornel Fota, Konstantin Lichtenwald and Praveen Varshney.

**"Resulting Issuer Pro Forma Statements"** means the unaudited pro forma consolidated statement of financial position of the Resulting Issuer included in this Joint Supplement as Appendix "K".

**"Resulting Issuer Shares"** means the common shares in the capital of the Resulting Issuer.

**"Resulting Issuer Warrants"** means common share purchase warrants of the Resulting Issuer exercisable to acquire Resulting Issuer Shares.

**"RRIFs"** means a registered retirement income fund (within the meaning of the Tax Act).

**"RRSPs"** means a registered retirement savings plan (within the meaning of the Tax Act).

**"Securities Authorities"** means the Alberta Securities Commission and the other applicable securities regulatory authorities in Canada collectively.

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval.

**"Shareholders"** means the Exito Shareholders and/or GLN Shareholders, as applicable.

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the TSXV.

**"Superior Proposal"** means an unsolicited *bona fide* written Acquisition Proposal that, if consummated in accordance with the terms thereof, would result in a transaction more favourable from a financial point of view to the GLN Shareholders than the Arrangement.

**"Tax Act"** means the *Income Tax Act* (Canada) as amended.

**"taxable capital gain"** has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*".

**"TFSAs"** means tax-free savings accounts (within the meaning of the Tax Act).

**"TSXV"** or **"Exchange"** means the TSX Venture Exchange.

**"United States"** or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

**"Value Security Escrow Agreement"** means the escrow agreement to be entered into in accordance with the Escrow Policy among the Resulting Issuer, the Escrow Agent and the Resulting Issuer Principals, as applicable.

## SUMMARY

*The following is a summary of certain information contained or referred to elsewhere or incorporated by reference in this Joint Supplement including the Appendices hereto. Certain capitalized words and terms used in this summary are defined in the "Glossary of Terms" set out below. This summary is qualified in its entirety by, and should be read together with, the detailed information and financial data and statements contained or referred to elsewhere in this Joint Supplement and the Appendices hereto.*

### **The Acquisition**

Pursuant to the Arrangement Agreement, Exito has agreed that, subject to obtaining the requisite Exito Shareholder Approval, it will, prior to completion of the Arrangement, (a) consolidate its share capital on a two-for-one basis with corresponding changes to the outstanding Exito Options and Exito Agent's Options; and (b) complete the continuance of Exito from the jurisdiction of Alberta to the jurisdiction of British Columbia.

At the Effective Time of the Arrangement, Exito will acquire all of the issued and outstanding GLN Shares on the basis of 0.2601 of a post-Consolidation Exito Share for every one GLN Share held. It is anticipated that the GLN Shareholders will receive an aggregate of approximately 26,058,696 Resulting Issuer Shares in exchange for all of the issued and outstanding GLN Shares at a deemed price of \$0.25 per share for an aggregate deemed consideration of \$6,514,674. Exito and GLN shall then amalgamate under the BCBCA to form Amalco.

See "*The Acquisition*".

### **Conditions to the Completion of the Acquisition**

The Acquisition is subject to a number of specified conditions, including, among others, approval of the Exito Continuance by Exito Shareholders, approval of the Arrangement Resolution by GLN Shareholders and completion of the Concurrent Financing. See "*The Acquisition – Shareholder Approval*" and "*The Plan of Arrangement – Conditions Precedent*".

### **Implementation of the Arrangement**

Prior to the Effective Time, Exito shall have completed the Exito Continuance and the Exito Consolidation.

Subject to the terms of the Arrangement Agreement, at the Effective Time of the Arrangement:

- GLN Shares will be exchanged for shares of Exito on the basis of 0.2601 of a post-Consolidation Exito Share for every one GLN Share held, following which, as soon as reasonably practicable, each holder of GLN Shares will receive the Exito Shares to which such holder is entitled pursuant to the Arrangement;
- GLN will become a wholly-owned subsidiary of Exito;
- Exito and GLN will complete a vertical short-form amalgamation; and
- The Resulting Issuer will change its name to "Good Life Networks Inc."

The Acquisition is intended to constitute Exito's Qualifying Transaction to

enable it to be listed as a Tier 2 issuer on the TSXV.

**Exito Shareholder Approval for the Acquisition**

The Exito Meeting will be held on Friday May 26, 2017 at 10:00 am (Calgary time), at the offices of Gowling WLG (Canada) LLP, located at 1600, 421-7<sup>th</sup> Avenue SW, Calgary, Alberta.

At the Exito Meeting, the Exito Shareholders will be asked to approve, among other things, the Consolidation Resolution and the Continuance Resolution. The Consolidation Resolution and the Continuance Resolution must be approved by at least  $66\frac{2}{3}$  of the votes cast by Exito Shareholders, either in person or by proxy, at the Exito Meeting.

**GLN Shareholder Approval for the Arrangement**

The GLN Meeting will held on Friday May 26, 2017 at 10:00 am (Vancouver time), at the offices of DuMoulin Black LLP, 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia.

At the GLN Meeting, the GLN Shareholders will be asked to approve, among other things, the Arrangement Resolution. The Arrangement Resolution must be approved by at least  $66\frac{2}{3}$  of the votes cast by GLN Shareholders, either in person or by proxy, at the GLN Meeting.

See "*The Acquisition – Shareholder Approval*".

**Covenants**

See "*Covenants*".

**Exito Lock-up Agreements**

Each of the directors and senior officers of Exito have entered into the Exito Lock-up Agreements with GLN, pursuant to which such Exito Lock-up Shareholders have agreed to, among other things, vote their Exito Shares in favour of Exito Consolidation and the Exito Continuance. The Exito Lock-Up Agreements entered into with the directors and senior officers of Exito represent approximately 25% of the issued and outstanding Exito Shares as at March 31, 2017. In addition, additional Exito Lock-up Agreements have been entered into with certain non-insider Exito Shareholders relating to Exito Shares that represent an additional 12.5% of the issued and outstanding Exito Shares as at March 31, 2017. The Exito Lock-up Shareholders have also agreed to lock-up their Exito Shares until the Effective Time.

See "*Exito Lock-up Agreements*".

**GLN Lock-up Agreements**

Each of the directors and senior officers of GLN have entered into the GLN Lock-up Agreements with Exito, pursuant to which such GLN Lock-up Shareholders have agreed to, among other things, vote their GLN Shares in favour of the Arrangement. Such Shares represent approximately 49.97% of the issued and outstanding GLN Shares as at March 31, 2017. The GLN Lock-up Shareholders have also agreed to lock-up their GLN Shares until the Effective Time.

See "*GLN Lock-up Agreements*".

**Dissenting GLN Shareholders**

Registered Shareholders are entitled to exercise Dissent Rights in respect of the Arrangement Resolution by providing written notice to GLN before

the GLN Meeting in the manner described in the GLN Circular under "*Dissent Rights*".

GLN Shareholders should carefully read the information regarding Dissent Rights in the GLN Circular. If the number of GLN Shares held by Registered GLN Shareholders that duly exercise Dissent Rights exceeds 5% of the aggregate number of GLN Shares outstanding immediately prior to the Effective Date, Exito is entitled, in its discretion, to not complete the Arrangement. See "*The Arrangement Agreement – Conditions Precedent*".

**Business of Exito**

Exito is a CPC. Exito identifies and evaluates corporations, businesses and assets for acquisition and once identified and evaluated, negotiates an acquisition or participation in such corporations, businesses or assets that qualifies it for listing on the TSXV beyond its CPC listing.

See "*Information Concerning Exito*".

**Business of GLN**

GLN is a private technology company that has developed a Programmatic Marketing Platform to intelligently connect digital advertisers to consumers across online display, mobile, social and video advertising channels, and solve the key challenges that digital advertisers face.

See "*Information Concerning GLN*".

**Business of the Resulting Issuer**

On completion of the Acquisition, Exito and GLN will have amalgamated to form "Good Life Networks Inc." (i.e., the Resulting Issuer) and will continue the operations of the Parties on a combined basis.

The business and operations of the Resulting Issuer will be managed from Suite 209 – 1455 Bellevue, West Vancouver, BC, V7T 1C3.

Upon completion of the Acquisition, all of Exito's current directors will resign and management and the directors of the Resulting Issuer will include (i) a board of directors comprised of the following directors: Michael Woodman, Cliff Dumas, Konstantin Lichtenwald, Eugene Valaitis, Praveen Varshney; and (ii) management consisting of Michael Woodman (CEO), Konstantin Lichtenwald (CFO, Corporate Secretary), Cliff Dumas (VP Operations) and Cornel Fota (CTO).

See "*Information Concerning the Resulting Issuer After the Acquisition*".

**Interests of Insiders, Promoters or Control Persons**

Except as disclosed herein, no Insider, promoter or Control Person of the Issuer and no Associate or affiliate of any of those persons, has any interest in the Acquisition other than that which arises from the holding of Resulting Issuer Shares.

The following table summarizes the shareholding of each current Insider, promoter or Control Person of Exito, before giving effect to the Arrangement (including before the Concurrent Financing and the Consolidation):



<b>Name of Insider, Promoter or Control Person of Exito</b>	<b>Exito Shares Owned before the Acquisition<sup>(1)</sup></b>	
	<b>Number</b>	<b>Percentage</b>
Brad Docherty	825,000 <sup>(2)</sup>	8.68%
Eli Abergel	725,000	7.63%
William Matheson	200,000	2.11%
Brody M. Loster	250,000	2.63%
Colin M. Reeves	400,000	4.21%
Christopher Scase	275,000 <sup>(3)</sup>	2.89%
Andrew Oppenheim	325,000	3.42%

**Notes:**

- (1) Calculated on a fully-diluted basis with: (a) 8,000,000 Exito Shares; (b) 1,000,000 Exito Options; and (c) 500,000 Exito Agent's Options, being issued and outstanding being issued and as of the date of this Joint Supplement (pre-Consolidation).
- (2) 250,000 Exito Shares are held by Mr. Docherty directly, and 250,000 Exito Shares are held by Mr. Docherty through his wholly-owned corporation.
- (3) These Exito Shares are held by The Hoff Inc., a corporation controlled by Mr. Scase.

The following table summarizes the proposed shareholding of each person who will be an Insider, promoter or Control Person of the Resulting Issuer, after giving effect to the Acquisition and completion of the Concurrent Financing:

<b>Name of Insider, Promoter or Control Person of Resulting Issuer</b>	<b>Resulting Issuer Shares Owned after Giving Effect to the Acquisition following Completion of the Concurrent Financing</b>	
	<b>Number</b>	<b>Percentage<sup>(1)</sup></b>
Michael Woodman	3,719,430	7.98%
Cliff Dumas	780,300	1.67%
Cornel Fota	0	N/A
Eugene Valaitis	0	N/A
Konstantin Lichtenwald	0	N/A
Praveen Varshney	0	N/A

**Note:**

- (1) Calculated on a fully diluted basis, which would include the following outstanding Resulting Issuer Shares: (a) 4,000,000 Resulting Issuer Shares held by former Exito Shareholders; (b) 26,058,696 Resulting Issuer Shares held by former GLN Shareholders; (c) 6,762,600 Resulting Issuer Shares issued pursuant to the Concurrent Financing assuming a minimum raise of \$6,500,000; and (d) various Resulting Issuer Shares issuable on the exercise or conversion of certain warrants and debentures of GLN.

**Arm's Length Qualifying Transaction**

The Acquisition will be carried out by parties dealing at arm's length to one another and therefore will not be a Non Arm's Length Qualifying Transaction.

**Available Funds and Principal Purposes**

Upon closing of the Acquisition, the Bridge Financing and the Concurrent Financing, it is anticipated that the Resulting Issuer will have approximately CAD\$6,662,360 of estimated funds available, comprised of:

Estimated working capital of Exito as at the most recent month end prior to the date of this Joint Supplement	CAD\$382,156
Estimated working capital of GLN as at the most recent month end prior to the date of this Joint Supplement	CAD(\$3,728,181)
Estimated Revenue for 12 months following closing of the Qualifying Transaction	CAD\$2,709,245
Estimated net proceeds of the Concurrent Financing	CAD\$6,500,000
Net proceeds of the Bridge Financing	CAD\$799,140
<b>Total:</b>	<b>CAD\$6,662,360</b>

The principal purpose of such funds, after giving effect to the Acquisition, will be for, among other things, working capital, expansion and marketing. It is anticipated that the Resulting Issuer will use such funds as follows:

<i>Description</i>	<i>Budgeted Expenditures</i>
Estimated balance of the expenses of the Acquisition and the Concurrent Financing, including legal fees, audit fees and filing fees with the TSXV	CAD\$662,500
Estimated G&A costs for 12 months following closing of the Qualifying Transaction	CAD\$2,041,100
Development of GLN Programmatic Marketing Platform and SaaS Platform	CAD\$1,300,000
Estimated direct costs for 12 months following closing of the Qualifying Transaction	CAD\$2,083,354
Unallocated working capital	CAD\$575,406
	Total: CAD\$6,662,360

See "*Information Concerning the Resulting Issuer After the Acquisition – Available Funds and Principal Purposes*".

**Canadian Federal Income Tax Considerations**

Except where a particular GLN Shareholder chooses to recognize capital gain (or capital loss) on the exchange of GLN Shares for Exito Shares, a GLN Shareholder that holds GLN Shares as capital property will be deemed to have disposed of such GLN Shareholder's GLN Shares for proceeds of disposition equal to the GLN Shareholder's adjusted cost base of such GLN Shares immediately before the exchange and to have acquired the Exito Shares received in exchange therefor at a cost equal to such proceeds of disposition.

See "*Certain Canadian Federal Income Tax Considerations*".

**Risk Factors**

GLN Shareholders should consider a number of risk factors relating to the Arrangement and the Parties in evaluating whether to approve the Arrangement Resolution. The risks, uncertainties and other factors, many of which are beyond the control of the Resulting Issuer, that could influence actual results include, but are not limited to: the risk that all conditions precedent to the Acquisition may not be satisfied; failure to complete the Acquisition; risks associated with the fixed Exchange Ratio; the risk that the parties may not realize the anticipated benefits of the Acquisition; risks relating to GLN including limited operating history, dependence on key executives, litigation risks, insurance risks, no history of dividends, general economic climate and conflicts of interest; risks relating to Exito including a limited operating history; risks relating to the operations of the Resulting Issuer including ability to protect proprietary offering; retaining and attracting customers; no long-term customer commitments; failure to properly manage growth; reliance on third parties; personnel; dependence on display advertising; lack of transparency over fees and net CPMs; cyclical nature of the industry; risks associated with insertion orders; financial and accounting risks; industry

risks; and risks relating to the Resulting Issuer Shares. These risk factors are discussed herein and/or in documents incorporated herein by reference. See "*Risk Factors*" below for a detailed description of certain risk factors relating to the Acquisition and the ownership of the Resulting Issuer Shares which should be carefully considered before making an investment decision.

**Exchange Listing and Market for Securities**

The Exito Shares are listed on the TSXV under the trading symbol of "EXI.P". The price of the Exito Shares on the date immediately preceding the announcement of the Acquisition was CAD\$0.10 and the market price of the Exito Shares as of March 31, 2017 was CAD\$0.10.

Upon completion of the Acquisition, the Exito Shares will be re-admitted to trading on the TSXV as shares of the Resulting Issuer under the trading symbol of "GOOD".

There is no public market for the GLN Shares.

**Sponsor**

The TSXV has waived the Acquisition from the TSXV's sponsorship requirements pursuant to Section 3.4(a)(ii) of TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

**Conflicts of Interest**

The directors and officers of Exito and GLN are involved in other projects, including projects in the technology industry, and may have a conflict of interest in allocating their time between the business of the Resulting Issuer and other businesses or projects in which they are or will become involved. See "*Information Concerning GLN – Conflicts of Interest*".

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer in other reporting issuers, please see "*Information Concerning the Resulting Issuer After the Acquisition – Other Reporting Issuer Experience*".

**Interests of Experts**

To the best of Exito's and GLN's knowledge, no direct or indirect interest in Exito or GLN is held or will be received by any experts. See "*Information Concerning the Resulting Issuer After the Acquisition – Names and Interests of Experts*".

**Conditional Listing Approval**

Exito is seeking conditional acceptance of the Acquisition from the Exchange. If the Exchange conditionally accepts the Acquisition, conditional acceptance will be subject to Exito fulfilling all of the requirements of the Exchange.

**Selected Pro Forma Financial Information**

The following selected unaudited *pro forma* consolidated financial information for the Resulting Issuer is based on the assumptions described in the respective notes to the Resulting Issuer Pro Forma Statements included in this Joint Supplement at Appendix "K". The Resulting Issuer Pro Forma Statements have been prepared based on the assumption that, among other things, the Arrangement had occurred on September 30, 2016. **The Resulting Issuer Pro Forma Statements are not necessarily indicative of the Resulting Issuer's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project the Resulting**

**Issuer's consolidated financial position or results from operations for any future period.**

The Resulting Issuer Pro Forma Statements are based on certain assumptions and adjustments. The selected unaudited *pro forma* consolidated financial information given below should be read in conjunction with the description of the Arrangement contained in the Joint Supplement, the Resulting Issuer Pro Forma Statements contained in this Joint Supplement at Appendix "K" and the audited annual and interim consolidated financial statements of the Parties referred to or included in this Joint Supplement, as applicable.

	As at September 30, 2016 (CAD\$)
<b>Pro Forma Condensed Consolidated Statement of Financial Position</b>	
Assets.....	\$8,209,466
Liabilities.....	4,036,600
Shareholders' equity.....	4,172,866

## THE ACQUISITION

### Background

The proposed Acquisition is the result of arm's length negotiations among representatives of the Parties and their respective legal and financial advisers. The following is a summary of the background leading up to the execution of the Arrangement Agreement and the public announcement of the Acquisition.

In June of 2016, Michael Woodman, the sole director and president of GLN, met with Brad Docherty, President and CEO of Exito. Messrs. Woodman and Docherty discussed the benefits of a proposed transaction between GLN and Exito. Messrs. Woodman and Docherty agreed to review the idea and to discuss the idea internally with their respective advisors. Over the course of June through September of 2016, both GLN and Exito explored the concept of the proposed transaction through internal discussions and meetings with advisors.

During the period between July and October of 2016, the Parties reviewed certain public and non-public information provided by the other to evaluate the potential merits of the proposed transaction.

During the period between July 2016 and October 2016, the Parties and their respective advisors negotiated the Arrangement Agreement. On October 7, 2016, the Parties entered into the Arrangement Agreement. The parties further negotiated the Arrangement and entered into an Amended and Restated Arrangement Agreement on January 31, 2017.

On or about October 3, 2016, Mr. Woodman signed written resolutions where, as GLN's sole director, he determined the Arrangement was fair to GLN Shareholders and that it is in the best interests of GLN that the Arrangement be completed.

On or about October 3 2016, the Exito Board held a meeting and determined that the Acquisition (including the Consolidation and the Exito Continuance thereunder) was fair to the Exito Shareholders and that it is in the best interest of Exito that the Acquisition be completed. Accordingly, the Exito Board determined that it would recommend that Exito Shareholders vote FOR the Exito Consolidation and Exito Continuance and the Arrangement Agreement was executed by Brad Docherty on behalf of Exito and the Exito Board. On January 31, 2017, the Exito Board resolved to approve the amendment and restatement of the Arrangement Agreement.

### Description of the Acquisition

Subject to the terms of the Arrangement Agreement, at the Effective Time:

1. each GLN Share held by a Dissenting Shareholder shall be irrevocably transferred to Exito, free and clear of all Encumbrances, without any further act or formality and:
  - (i) such Dissenting Shareholder shall cease to be the holder of such GLN Shares so transferred and will cease to have any rights as holder of such GLN Shares other than the right to be paid fair value for such GLN Shares by Exito;
  - (ii) such Dissenting Shareholder's name shall be removed as the holder of such GLN Shares from the central securities register of holders of GLN Shares maintained by or on behalf of GLN; and
  - (iii) Exito shall become the sole legal and beneficial holder of such GLN Shares so transferred, free and clear of all Encumbrances, and shall be entered in the central securities register of holders of GLN Shares maintained by or on behalf of GLN;
2. GLN Shareholders and Exito will complete a share exchange whereby:

- (i) all of the issued and outstanding GLN Shares will be exchanged by GLN Shareholders (other than Dissenting Shareholders) on the basis of 0.2601 an Exito Consolidated Share for every one GLN Share held. In the event that the Exito Consolidation is not completed prior to the Effective Time for any reason, the exchange ratio shall be deemed to have been adjusted such that GLN Shares will be exchanged on the basis of 0.5202 of an Exito Share for every one GLN Share held;
  - (ii) Exito will in exchange acquire all of the issued and outstanding GLN Shares; and
  - (iii) GLN will become a wholly-owned subsidiary of Exito;
3. Exito and GLN will complete the Amalgamation whereby:
- (i) all of the assets and liabilities of Exito and GLN will become the assets and liabilities of Amalco;
  - (ii) the articles of Amalco on completion of Amalgamation will be the same as the articles of Exito prior to completion of the Amalgamation;
  - (iii) the notice of articles and authorized capital of Amalco on completion of the Amalgamation will be the same as the notice of articles of Exito prior to completion of the Amalgamation;
  - (iv) all of the issued and outstanding Exito Consolidated Shares will become Resulting Issuer Shares on a one-for-one basis;
  - (v) the issued and outstanding GLN Shares held by Exito will be cancelled without any repayment of capital in respect thereof; and
  - (vi) Amalco will refrain from issuing any securities in connection with the Amalgamation.
4. as a result of the Arrangement GLN Shareholders (other than Dissenting Shareholders) will have effectively exchanged their GLN Shares for Resulting Issuer Shares on the basis of the Exchange Ratio;
5. the first directors of Amalco shall be Michael Woodman, Eugene Valaitis, Cliff Dumas, Konstantin Lichtenwald, and Praveen Varshney; and
6. the name of Amalco will be "Good Life Networks Inc.", or such other name as may be acceptable to Exito, GLN and relevant Governmental Authorities.

#### **Effect of the Acquisition Upon Exito Shareholders and GLN Shareholders**

As at the close of business on March 31, 2017, there were 8,000,000 issued and outstanding Exito Shares; 1,000,000 outstanding Exito Options exercisable for 1,000,000 Exito Shares; 500,000 Exito Agent's Options outstanding exercisable to purchase 500,000 Exito Shares, 100,187,221 issued and outstanding GLN Shares, 1,249,200 outstanding GLN Broker Warrants, 1,250,000 outstanding GLN Special Warrants and 200,000 outstanding GLN Warrants. In addition, as at the close of business on March 31, 2017, GLN had outstanding convertible debentures ("**Convertible Debentures**") for an aggregate principal amount of \$120,000 outstanding with a maturity date of June 27, 2018, convertible into GLN Shares at CAD\$0.05 per share.

Upon completion of the Acquisition (assuming the completion of the Consolidation and the Concurrent Financing), Exito Shareholders and GLN Shareholders will hold approximately 10.86% and 70.77%, respectively, of the pro forma Resulting Issuer on an undiluted basis and on a fully diluted basis giving effect to all Exito Options, Exito

Agent's Options, GLN Broker Warrants, GLN Special Warrants, GLN Warrants, Convertible Notes and outstanding Convertible Debentures of GLN, Exito Shareholders and GLN Shareholders will hold approximately 8.58% and 55.92%, respectively, of the pro forma Resulting Issuer.

## **Shareholder Approval**

### ***Exito Shareholder Approval***

At the Exito Meeting, the Exito Shareholders will be asked, among other items, to consider and, if thought fit, approve with or without variation the Exito Resolutions. To become effective, Exito Shareholder Approval must be received at the Exito Meeting (see "*The Acquisition - Description of the Acquisition*"). The full text of the Consolidation Resolution and Continuance Resolution are set out in Schedule "B" and Schedule "C" respectively to the Exito Circular.

### ***GLN Shareholder Approval***

At the GLN Meeting, the GLN Shareholders will be asked to approve, among other things, the Arrangement Resolution, the full text of which is set out in Schedule "A" to the GLN Circular. In order for the Arrangement to become effective, as provided for in the Interim Order and by the BCBCA, GLN Shareholder Approval must be received in respect of the Arrangement Resolution at the GLN Meeting (see the Exito Circular and "*Acquisition – Procedure for Arrangement to Become Effective*" and see "*The Arrangement Agreement – Conditions Precedent*").

**In the absence of any instruction to the contrary, the GLN Shares represented by proxies appointing the management designees named in the form of proxy accompanying the of GLN Circular will be voted FOR the Arrangement Resolution.**

### **Procedure for the Arrangement to Become Effective**

The Arrangement is proposed to be carried out under Division 5 of Part 9 of the BCBCA. In addition to obtaining the approval of the GLN Shareholders at the Meeting for the Arrangement, in order for the Arrangement to become effective all conditions precedent in the Arrangement Agreement, including, without limitation, the completion of the Exito Continuance and the satisfaction or waiver, as applicable, of all of the conditions to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party.

### **Interests of Certain Persons in the Arrangement**

Except as set out herein, no person who has been a director or officer of GLN or Exito since January 1, 2015 and no associate or affiliate of the forgoing has any material interest, direct or indirect, by way of ownership of securities or otherwise, in matters to be acted upon at the GLN Meeting or Exito Meeting as the case may be.

## **THE PLAN OF ARRANGEMENT**

On or about October 7, 2016, Exito and GLN entered into an arrangement agreement. On January 31, 2017, Exito and GLN entered into the amended and restated Arrangement Agreement, as amended effective March 31, 2017. **The following description of certain material provisions of Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement.** Shareholders are encouraged to read the Arrangement Agreement in its entirety.

Pursuant to the Arrangement Agreement, GLN has agreed to carry out the Arrangement under Division 5 of Part 9 of BCBCA pursuant to which, among other things, GLN Shares held by GLN Shareholders (other than Dissenting Shareholders) will be exchanged for common shares of Exito on the basis of the Exchange Ratio.



### **Effective Time**

The Arrangement Agreement provides that the Arrangement shall become effective at 12:01 a.m. (Vancouver time) on the Effective Date, being the date shown on the Certificate of Amalgamation.

### **Effecting the Arrangement**

Subject to the rights of termination contained in the Arrangement Agreement, upon the GLN Shareholders approving the Arrangement Resolution, in accordance with the requirements of the BCBCA, the satisfaction or waiver of the conditions precedent contained in the Arrangement Agreement and the Exito Shareholders approving the Exito Resolutions, GLN will apply for, obtain and file the Final Order and all the required documents with the Registrar, giving effect to the Arrangement subject to the terms of the Arrangement Agreement.

### **Effect of the Arrangement**

Subject to the conditions in the Arrangement Agreement, at the Effective Time the registered holders of GLN Shares shall become the registered holders of the Exchanged Shares to which they are entitled.

### **Dissent Rights**

GLN Shareholders may dissent to the Arrangement Resolution pursuant to and in the manner set forth under the BCBCA. If such Dissenting Shareholder is in strict compliance with the applicable provisions of the BCBCA, it will thereby become entitled to receive, if the Arrangement is completed, the fair value of its GLN Shares as determined pursuant to the BCBCA. For further details with respect to the Dissent Rights, see "*Dissent Rights*" in the GLN Circular.

### **Representations and Warranties**

The Arrangement Agreement contains a number of customary representations and warranties of each of the Parties relating to, among other things: corporate status; books and records; the corporate authorizations and enforcement of the Arrangement Agreement; insurance; actions, suits, claims or proceedings; conduct of business; public filings; financial statements and internal controls; tax matters; technical reports; employment and labour relations; lack of default; capitalization and the issuance of securities; subsidiaries; liabilities; absence of a Material Adverse Effect; property interests and rights; intellectual property matters; licenses and permits; and the accuracy of the due diligence materials.

### **Covenants**

The Arrangement Agreement contains a number of customary covenants of the Parties relating to, among other things: access to information; conducting business in the ordinary course; satisfaction of closing conditions; the issuance of securities; taking all necessary steps to complete the Acquisition; obtaining all consents and provide all notices; co-operating regarding regulatory filings and approvals; complying with applicable laws; consulting with each other with respect to press releases and public statements; indemnification; warrants and options; exemptions from registration requirements in the United States; refraining from certain actions; and defending any proceedings initiated.

In addition, Exito has covenanted in the Arrangement Agreement to, among other things:

1. carry out such terms of the Interim Order and Final Order as applicable to it and use its reasonable commercial efforts to assist GLN in obtaining such orders;
2. take all such actions as may be required under the ABCA and the BCBCA in connection with the transactions contemplated by the Arrangement Agreement and the Arrangement Agreement;

3. convene the Exito Meeting no later than May 26, 2017;
4. allow representatives of GLN to attend the Exito Meeting unless such attendance is prohibited by Applicable Laws;
5. solicit proxies to be voted at the Exito Meeting in favour of the Exito Consolidation and the Exito Continuance;
6. promptly advise GLN of the number of Exito Shares for which Exito receives notices of dissent and provide GLN with copies of such notices;
7. conduct the Exito Meeting in accordance with the ABCA, the Exito Governing Documents and as otherwise required by Applicable Laws;
8. take all such actions as may be required under the ABCA in connection with the transactions contemplated by the Arrangement Agreement;
9. except for non-substantive communications furnish to GLN a copy of each notice, report, schedule or other document or communication delivered, filed or received by Exito in connection with the Arrangement or the Interim Order, any filings under Applicable Laws and any dealings with regulatory agencies (including the TSXV) in connection with, or in any way affecting, the transactions contemplated in the Arrangement Agreement;
10. use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
11. not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by Exito in the Arrangement Agreement untrue in any material respect at any time prior to the Effective Time if then made;
12. subject to TSXV acceptance, enter into the Exito Loan with GLN, on terms satisfactory to Exito and GLN;
13. maintain its status as a "reporting issuer" (or similar designated entity) not in default in all of the provinces of Canada where it is currently a reporting issuer in material compliance with all Applicable Laws and to maintain the listing of the outstanding Exito Shares on the TSXV;
14. promptly notify GLN of (A) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of Exito, (B) any material Governmental Authority or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated), (C) any breach by Exito of any covenant contained in the Arrangement Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Exito contained in the Arrangement Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect;
15. indemnify and save harmless GLN and GLN's directors, officers, employees and agents from and against all claims, suits, actions, causes of action, liabilities, damages, costs, charges and

expenses to which GLN, or any director, officer, employee or agent thereof, may be subject or for which GLN, or any directors, officers, employees or agents thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation based solely on the information required by Applicable Law to be included in the Information Circular relating to Exito contained in the Information Circular or any material in respect of Exito filed in compliance or intended compliance with Applicable Law;

16. prepare and file with the Securities Authorities all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of Canada for the issue by Exito and delivery by Exito of Exito Consolidated Shares pursuant to the Arrangement so that such securities may trade following the completion of the Arrangement without a hold period;
17. cause to be taken all necessary action to allot and reserve for issuance the Exchanged Shares to be issued in exchange for GLN Shares in connection with the Arrangement and, on the Effective Date, cause to be issued fully paid and non-assessable Exchanged Shares for distribution to those persons entitled thereto pursuant to the Arrangement;
18. on the Effective Date, provide to Computershare an irrevocable direction authorizing and directing Computershare to deliver the Exchanged Shares issuable pursuant to the Arrangement to GLN Shareholders in accordance with the terms of the Arrangement;
19. obtain all consents, approvals and authorizations as are required to be obtained by Exito under any Applicable Law or from any Governmental Authority which would, if not obtained, materially impede the completion of the transactions contemplated in the Arrangement Agreement or have a Material Adverse Effect on Exito;
20. effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the transactions contemplated by the Arrangement Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Authority;
21. oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting the Arrangement Agreement, the transactions contemplated in the Arrangement Agreement or seeking to stop, or otherwise adversely affecting the ability of the Exito and GLN to consummate, the transactions contemplated by the Arrangement Agreement;
22. fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Arrangement Agreement required to be fulfilled or satisfied by Exito;
23. co-operate with GLN in connection with the performance by GLN of its obligations in respect of the Arrangement Agreement;
24. not take any action, refrain from taking any action (subject to its commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the Arrangement Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by the Arrangement Agreement or which would have a Material Adverse Effect on Exito, provided that where Exito is required to take any such action or refrain from taking such action (subject to its commercially reasonable efforts) as a result of the Arrangement Agreement, Exito shall immediately notify GLN in writing of such circumstances;

25. make, or co-operate as necessary in the making of, all other necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated by the Arrangement Agreement and take all reasonable action necessary to be in compliance with such Laws;
26. use its commercially reasonable efforts to obtain the Escrow Transfer Agreements; and
27. Exito shall execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated by the Arrangement Agreement such customary certificates, resolutions and other closing documents as may be required by GLN, acting reasonably.

GLN has covenanted in the Arrangement Agreement to, among other things:

1. apply to the Court in a manner acceptable to Exito and, in cooperation with Exito, prepare, file and diligently pursue the applications for the Interim Order and Final Order;
2. carry out such terms of the Interim Order as are required under the terms thereof to be carried out by GLN;
3. prepare, in consultation with Exito, and file the GLN Circular in all jurisdictions where the GLN Circular is required to be filed and mail the GLN Circular, as ordered by the Interim Order and in accordance with all Applicable Laws complying in all material respects with all Applicable Laws on the date of mailing thereof and containing complete and correct disclosure of all material facts relating to the Arrangement, Exito and GLN and not containing any misrepresentation (as defined under the *Securities Act* (Alberta)) with respect thereto and which the GLN Circular shall include (i) the unanimous determination of the GLN Board that the Arrangement is fair, in the best interests of GLN and GLN Shareholders; and (ii) the unanimous recommendation of the GLN Board that the GLN Shareholders vote in favour of the Arrangement;
4. convene the GLN Meeting no later than May 26, 2017 and otherwise as provided by the Interim Order;
5. allow representatives of Exito to attend the GLN Meeting unless such attendance is prohibited by Applicable Laws;
6. solicit proxies to be voted at the GLN Meeting in favour of the Arrangement;
7. promptly advise Exito of the number of GLN Shares for which GLN receives notices of dissent or written objections to the Arrangement and provide Exito with copies of such notices and written objections;
8. conduct the GLN Meeting in accordance with the Interim Order, the BCBCA, GLN's articles, notice of articles and as otherwise required by Applicable Laws;
9. take all such actions as may be required under the BCBCA and the Interim Order in connection with the transactions contemplated by the Arrangement Agreement;
10. prepare, in consultation with Exito, and file any mutually agreed (or otherwise required by Applicable Laws) amendments or supplements to the GLN Circular with respect to the GLN Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all Applicable Laws, in all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable legal requirements on the date of mailing thereof;

11. file, proceed with and diligently prosecute an application for the Final Order;
12. carry out the terms of the Interim Order and the Final Order and, on the day of the receipt of the Final Order and the satisfaction or waiver of the conditions to the completion of the Arrangement contained in the Arrangement Agreement in favour of Exito and GLN to be agreed by GLN and Exito, file the Final Order, and any other documents requested by the Registrar, with the Registrar in order for the Arrangement to become effective;
13. except for non-substantive communications, furnish to Exito a copy of each notice, report, schedule or other document or communication delivered, filed or received by GLN in connection with the Arrangement, the Interim Order or the GLN Meeting, any filings under Applicable Laws and any dealings with regulatory agencies (including the TSXV) in connection with, or in any way affecting, the transactions contemplated in the Arrangement Agreement;
14. use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
15. not to take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by GLN in the Arrangement Agreement untrue in any material respect at any time prior to the Effective Time if then made;
16. use its commercially reasonable efforts to complete the Concurrent Financing;
17. other than as disclosed in the GLN Disclosure Letter, not (i) issue or agree to issue any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares other than pursuant to the exercise of GLN Warrants; or (ii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iii) split, combine or reclassify any of its shares; (iv) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (v) merge, amalgamate, or consolidate into or with any other person or company or enter into any other corporate reorganization, or sell all or any substantial part of its assets to any person or company, or perform any act or enter into any transaction or negotiation which can reasonably be expected to interfere or be inconsistent with the consummation of the Arrangement; or (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted by the Arrangement Agreement or agreed to in writing by Exito;
18. not to grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing agreements, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business, or make any loan to any officer or director;
19. not to, without the prior written consent of Exito, adopt or amend or make any contribution to any bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;

20. not to, other than pursuant to a binding commitment entered into prior to the date of the Arrangement Agreement and disclosed to Exito: (i) sell, pledge, dispose of or encumber any assets, except for production in the ordinary course of business; (ii) expend or commit to expend more than \$50,000 individually or \$500,000 in the aggregate with respect to capital expenses; (iii) incur any indebtedness for borrowed money or other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity make any other loans or advances, except in the ordinary course of business and in any event in excess of \$50,000 individually or \$500,000 in the aggregate; or (iv) enter into any hedges, swaps or other financial instruments or like transactions; (v) enter into any agreements for the sale and production having a term of more than thirty (30) days; (vi) enter into any consulting or contract operating agreement that cannot be committed on thirty (30) days or less notice without penalty; or (vii) enter to or modify the contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted by the Arrangement Agreement, or as agreed to in writing by Exito, such consent not to be unreasonably withheld;
21. promptly notify Exito of (i) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of GLN; (ii) any material Governmental Authority or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated); (iii) any breach by GLN of any covenant contained in the Arrangement Agreement; and (iv) any event occurring subsequent to the date hereof that would render any representation or warranty of GLN contained in the Arrangement Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect;
22. not to settle or compromise any claim brought by any present, former or purported holder of any securities of GLN in connection with the transactions contemplated by the Arrangement Agreement prior to the Effective Time without the prior written consent of Exito, such consent not to be unreasonably withheld or delayed;
23. obtain the approval of holders of at least 66⅔% of GLN Shares voted at the GLN Meeting to the Arrangement;
24. obtain all consents, approvals and authorizations as are required to be obtained by GLN under any Applicable Law or from any Governmental Authority which would, if not obtained, materially impede the completion of the transactions contemplated by the Arrangement Agreement or have a Material Adverse Effect on GLN;
25. effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the transactions contemplated by the Arrangement Agreement and participate, and appear in any proceedings of, GLN or Exito before any Governmental Authority;
26. oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting the Arrangement Agreement, the transactions contemplated by the Arrangement Agreement or seeking to stop, or otherwise adversely affecting the ability of GLN or Exito to consummate, the transactions contemplated by the Arrangement Agreement;
27. fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Arrangement Agreement required to be fulfilled or satisfied by GLN;
28. co-operate with Exito in connection with the performance by Exito of its obligations in respect of the Arrangement Agreement;

29. not to take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with the Arrangement Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by the Arrangement Agreement or which would have a Material Adverse Effect on GLN provided that where GLN is required to take any such action or refrain from taking such action as a result of the Arrangement Agreement and immediately notify Exito in writing of such circumstances;
30. not to enter into any written or verbal employment agreements or consulting agreements;
31. make, or co-operate as necessary in the making of, all other necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated by the Arrangement Agreement and take all reasonable action necessary to be in compliance with such Laws;
32. execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated by the Arrangement Agreement such customary certificates, resolutions and other closing documents as may be required by Exito, acting reasonably;
33. during the period from the date of the Arrangement Agreement until the earlier of: (i) the Effective Time; or (ii) the date that the Arrangement Agreement is terminated, except with the written consent of Exito or as otherwise expressly permitted or specifically contemplated by the Arrangement Agreement:
  - (a) immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by GLN, or its officers, directors, employees, financial advisors, Representatives and agents with respect to any Acquisition Proposal and shall request the return or destruction of any confidential information previously provided to any such third parties relating to an Acquisition Proposal;
  - (b) not directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) any inquiries or the making of any proposal or offer that constitutes or may reasonably be expected to lead to an Acquisition Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Acquisition Proposal;
  - (c) not release any person from any confidentiality or standstill agreement to which GLN and such person are parties or amend any such agreement; and
  - (d) exercise all rights to require the return of information regarding GLN previously provided to such persons and shall exercise all rights to require the destruction of all materials including or incorporating any information regarding GLN;
34. comply with Part 13 of the *Securities Act* (Alberta) with regard to a tender or exchange offer, if applicable, and similar rules under applicable Canadian securities laws relating to the provision of directors' circulars, and make appropriate disclosure with respect thereto to the GLN Shareholders;
35. accept, recommend, approve or implement a Superior Proposal from a third person, but only if prior to such acceptance, recommendation, approval or implementation, the GLN Board have concluded in good faith after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and the Arrangement which may be offered by Exito during the three (3) Business Day notice period set forth below and after receiving the written advice of its



counsel, that such action is required by the GLN Board to comply with its fiduciary duties under Applicable Law and subject to the next paragraph; and

36. give to Exito, orally and in writing, at least three (3) Business Days advance notice of any decision by the GLN Board to accept, recommend, approve or implement a Superior Proposal, which notice shall identify the party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. In addition, GLN shall and shall cause its financial and legal advisors to negotiate in good faith with Exito to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable GLN to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Exito proposes to amend the Arrangement Agreement and the Arrangement to provide superior value to that provided under the Superior Proposal within the three (3) Business Day time period specified above, then GLN shall not enter into any definitive agreement regarding the Superior Proposal.

### **Conditions Precedent**

#### ***Conditions to Obligations of Exito***

The obligation of Exito to complete the Acquisition is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Exito:

1. the representations and warranties made by GLN in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and GLN shall have provided to Exito an officer's certificate certifying such accuracy on the Effective Date;
2. GLN shall have complied in all material respects with its covenants in the Arrangement Agreement, and GLN shall have provided to Exito an officer's certificate certifying that GLN has so complied with its covenants in the Arrangement Agreement;
3. the directors of GLN shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by GLN to permit the consummation of the Arrangement;
4. immediately prior to the Effective Time, Exito shall be satisfied that there are not more than an aggregate of 131,339,576 GLN Shares issued and outstanding or that are issuable on exercise of GLN Warrants or other rights to acquire any GLN Shares and GLN shall provide to Exito a certificate to that effect immediately prior to the Effective Date;
5. the Concurrent Financing shall have been completed for minimum gross proceeds of \$3,500,000 in a manner satisfactory to Exito, acting reasonably;
6. no action, suit or proceeding has been taken or threatened against GLN before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
7. all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by GLN in connection with the Arrangement;
8. there shall not have been a Material Adverse Change in respect of GLN since the date hereof; and



9. the GLN Board shall not have withdrawn, modified or changed any of its recommendation, approvals, resolutions or determinations referred to in Section 6.2(b) of the Arrangement Agreement in a manner materially adverse to Exito or the completion of the Arrangement prior to mailing of the Information Circular, each of the directors, officers and employees of GLN (other than those agreed to by Exito) shall have provided their resignations together with releases in favour of GLN and Exito effective on the Effective Date, each in form and substance satisfactory and on terms as are satisfactory to Exito, acting reasonably.

***Conditions to Obligations of GLN***

The obligation of GLN to complete the Acquisition is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by GLN:

1. the representations and warranties made by Exito in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Exito shall have provided to GLN an officer's certificate thereof certifying such accuracy on the Effective Date;
2. the directors of Exito shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Exito to permit the consummation of the Arrangement;
3. Exito shall have complied in all material respects with its covenants outlined in the Arrangement Agreement and Exito shall have provided to GLN an officer's certificate certifying that it has so complied with its covenants therein;
4. no action, suit or proceeding has been taken or threatened against Exito before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
5. all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Exito in connection with the Arrangement;
6. the Exito Continuance shall have been approved at the Exito Meeting by at least 66⅔% of the votes cast by the Exito Shareholders who voted their Exito Shares at the Exito Meeting, in accordance with the provisions of the ABCA;
7. holders of not more than 5% of the outstanding Exito Shares shall have exercised Continuance Dissent Rights that have not been withdrawn as at the Effective Date;
8. there shall not have been a Material Adverse Change in respect of Exito since the date of the Arrangement Agreement;
9. GLN shall be satisfied, acting reasonably, that the Exito Consolidated Shares issued to GLN Shareholders pursuant to the Arrangement (i) shall not be subject to any hold period, restricted period or seasoning period under Applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the TSXV, subject only to the filing of documentation that cannot be filed prior to the Effective Date; and
10. each of the directors, officers and employees of Exito (other than those agreed to by GLN) shall have provided their resignations together with releases in favour of Exito and GLN effective on

the Effective Date, each in form and substance satisfactory and on terms as are satisfactory to GLN, acting reasonably.

***Mutual Conditions Precedent***

The obligations of the Parties to complete the Acquisitions are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of Exito and GLN:

1. concurrently with the Effective Time, Exito and GLN will negotiate in good faith to cause Amalco (as defined in the Arrangement Agreement) to enter into a transitional services agreement with certain directors, officers and/or insiders of Exito, on terms mutually agreeable to both Exito and GLN;
2. on or prior to April 27, 2017, the Interim Order shall have been granted in form and substance satisfactory to the Parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties hereto, acting reasonably, on appeal or otherwise;
3. the Arrangement, with or without amendment, shall have been approved at the annual general meeting and special meeting by at least 66⅔% of the votes cast by the GLN Shareholders who voted their GLN Shares at the annual general meeting and special meeting, in accordance with the provisions of the BCBCA, the Interim Order and the requirements of any applicable regulatory authorities;
4. the Final Order shall have been granted in form and substance satisfactory to the Parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such Parties, acting reasonably, on appeal or otherwise;
5. the Effective Date shall be on or before the Outside Date, subject to any extension available to a Party;
6. there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Authority or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to Exito or GLN;
7. the TSXV shall have conditionally approved the listing thereon of the Exito Consolidated Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter, subject to compliance with the usual requirements of the TSXV;
8. the TSXV shall have conditionally approved the Arrangement as the Qualifying Transaction of Exito, as such term is defined in the CPC Policy;
9. all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Authority and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, the failure of which to obtain or the non-expiry of which would be materially adverse to Exito or GLN or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto;

10. holders of not more than 5% of the outstanding GLN Shares shall have exercised Dissent Rights that have not been withdrawn as at the Effective Date;
11. without limiting the scope of the foregoing conditions, all regulatory, third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements which either Exito or GLN shall consider necessary or desirable in connection with the Arrangement shall have been obtained in form and substance satisfactory to them; and
12. the Arrangement Agreement shall not have been terminated.

### Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Arrangement Resolution by the GLN Shareholders, approval of the Exito Resolutions by the Exito Shareholders or any other matters presented in connection with the Acquisition:

1. by mutual written agreement of Exito and GLN;
2. automatically if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Arrangement Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate the Arrangement Agreement shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;
3. by either Exito or GLN if:
  - (a) approval of the Arrangement by GLN Shareholders or Exito Shareholders as required by the Arrangement Agreement in accordance with the terms of the Interim Order has not occurred on or before May 26, 2017; or
  - (b) the Arrangement does not become effective on or before the Outside Date;
  - (c) the Interim Order has been refused or has been granted in form or substance not satisfactory to Exito and GLN, acting reasonably, or has not been granted on or prior to April 27, 2017 or, if issued, has been set aside or modified in a manner unacceptable to Exito and GLN, acting reasonably, on appeal or otherwise;
  - (d) the Final Order has not been granted in form and substance satisfactory to Exito and GLN, acting reasonably, on or prior to the Outside Date or, if issued, has been set aside or modified in a manner unacceptable to Exito and GLN, acting reasonably, on appeal or otherwise; and
  - (e) the mutual conditions outlined in section *Mutual Conditions* above are not satisfied;
4. by Exito, if:
  - (a) an Exito Fee Event has occurred;
  - (b) a GLN Fee Event has occurred and Exito has paid the GLN Break Fee;

- (c) GLN is in material breach of any covenant, agreement or representation and warranty contained in the Arrangement Agreement except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on GLN (taken as a whole) or on the ability to consummate the Arrangement, provided that GLN shall have been given notice and five days to cure any such breach by Exito, if such breach is capable of being cured, and such breach shall not have been cured;
  - (d) there is an event of a Material Adverse Change of GLN; and
  - (e) the conditions outlined in section *Conditions to Obligations of Exito* above are not satisfied.
5. by GLN, if:
- (a) an Exito Fee Event has occurred and GLN has paid the Exito Break Fee;
  - (b) the GLN Fee Event has occurred;
  - (c) Exito is in material breach of any covenant, agreement or representation and warranty contained in the Arrangement Agreement except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Exito (taken as a whole) or on the ability to consummate the Arrangement provided that Exito shall have been given notice and five days to cure any such breach by GLN, if such breach is capable of being cured, and such breach shall not have been cured;
  - (d) there is an event of a Material Adverse Change of Exito; and
  - (e) the conditions outlined in section *Conditions to Obligations of GLN* of the Arrangement Agreement are not satisfied.

#### **GLN LOCK-UP AGREEMENTS**

The GLN Lock-up Shareholders entered into the GLN Lock-up Agreements with Exito and pledged their support for the Arrangement and related transactions. As of March 31, 2017, the GLN Lock-up Shareholders collectively, beneficially owned, directly or indirectly, or exercised control over 50,060,735 GLN Shares, representing approximately 49.97% of the issued and outstanding GLN Shares on that date.

#### **Covenants of the GLN Lock-up Shareholders**

Each GLN Lock-up Shareholder has irrevocably and unconditionally agreed, subject to the other terms of the GLN Lock-up Agreement and in accordance with the terms therein, among other things, until the termination of the GLN Lock-up Agreement, that he or she will, provided Exito has complied in all material respects with its obligations under the Arrangement Agreement, cause to be voted, its GLN Shares in favour of the Arrangement.

#### **Termination**

Unless extended by mutual agreement, each GLN Lock-up Agreement will terminate on the first to occur of: (i) the closing of the Acquisition, (ii) the date of the termination of the Arrangement Agreement, and (iii) the date on which the GLN Lock-up Agreement is terminated by mutual agreement of the parties thereto.

## EXITO LOCK-UP AGREEMENTS

On March 31, 2017, the Exito Lock-up Shareholders entered into the Exito Lock-up Agreements with GLN and pledged their support for the Exito Continuance and Exito Consolidation. As of March 31, 2017, the Exito Lock-up Shareholders collectively, beneficially owned, directly or indirectly, or exercised control over 3,000,000 Exito Shares, representing approximately 37.5% of the issued and outstanding Exito Shares on that date.

### Covenants of the Exito Lock-up Shareholders

Each Exito Lock-up Shareholder has irrevocably and unconditionally agreed, subject to the other terms of the Exito Lock-up Agreement and in accordance with the terms therein, among other things, until the termination of the Exito Lock-up Agreement, that he or she will, provided GLN has complied in all material respects with its obligations under the Arrangement Agreement, cause to be voted, its Exito Shares in favour of the Exito Continuance and Exito Consolidation.

### Termination

Unless extended by mutual agreement, each Exito Lock-up Agreement will terminate on the first to occur of: (i) the closing of the Acquisition, (ii) the date of the termination of the Arrangement Agreement, and (iii) the date on which the Exito Lock-up Agreement is terminated by mutual agreement of the parties thereto.

## TRANSITION SERVICES AGREEMENT

Following the closing of the Arrangement, the parties intend to cause the Resulting Issuer to enter into a transitional services agreement with Capitalize Consulting Corp., a company owned by Brad Docherty and Eli Abergel, current directors of Exito, to provide various administrative and transitional services to the Resulting Issuer in order to transition the business of Exito to the Resulting Issuer. The consideration under this transitional services agreement is expected to be paid in cash or securities of the Resulting Issuer, or in instruments convertible into securities of the Resulting Issuer. The aggregate consideration under this transitional services agreement will not exceed \$250,000.

## CONCURRENT FINANCING

Pursuant to the Arrangement Agreement, GLN has covenanted to use its commercially reasonable efforts to complete the Concurrent Financing to raise gross proceeds of at least \$6,500,000 through the issuance of subscription receipts of GLN (the "**Subscription Receipts**") by way of private placement to certain subscribers at a price per Subscription Receipt of not less than \$0.25 (on a post Exchange Ratio basis). Shortly prior to the closing of the Acquisition, each Subscription Receipt will, without payment of any further consideration, be automatically converted into one GLN Share, which GLN Share will then be exchanged for Resulting Issuer Shares pursuant to the Arrangement. The proceeds from the sale of Subscription Receipts will be released to GLN upon conversion of the Subscription Receipts. GLN may pay finder's fees to certain finders in connection with the Concurrent Financing.

## RISK FACTORS

Shareholders should carefully consider the following risk factors in evaluating whether to approve the Arrangement. These risk factors should be considered in conjunction with the other information included in this Joint Supplement, including the documents incorporated by reference herein.

### **Risk Factors Relating to the Acquisition**

***There can be no certainty that all conditions precedent to the Acquisition will be satisfied. Failure to complete the Acquisition could negatively impact the share price of the Exito Shares or otherwise adversely affect the business of the Parties.***

The completion of the Acquisition is subject to a number of conditions precedent, certain of which are outside the control of the Parties, including receipt of Shareholder approval at the Meetings and receipt of conditional and final approval from the TSXV. There can be no certainty, nor can the Parties provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

If the Acquisition is not completed, the market price of the Exito Shares may decline to the extent that the market price reflects a market assumption that the Acquisition will be completed. In the case of Exito, failure to complete the Acquisition may result in the transfer of the listing of the Exito Shares to NEX if required as a result of Exito failing to complete a Qualifying Transaction in the time prescribed by the TSXV. There can be no assurance that an additional extension from the TSXV will be granted. In addition, upon its transfer to the NEX, the remaining Escrowed Exito Shares may be cancelled in accordance with the CPC Policy. Shareholders of Exito previously approved the transfer to NEX in the event that a Qualifying Transaction was not completed within the time prescribed by the TSXV.

In the case of GLN, if the Arrangement is not completed and the GLN Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Exchange Ratio to be paid pursuant to the Arrangement.

Certain costs related to the Acquisition, such as legal, accounting and certain financial advisor fees, must be paid by the Parties even if the Acquisition is not completed.

### ***Risks associated with the fixed Exchange Ratio.***

Pursuant to the provisions of the Arrangement Agreement, GLN Shares will be exchanged for Exito Shares on the basis of 0.2601 Exito Consolidated Shares for every one GLN Share. The Exchange Ratio is fixed and it will not increase or decrease due to fluctuations in the market price of the Exito Shares. The implied value of the Exchange Ratio that GLN Shareholders will receive pursuant to the Arrangement will partly depend on the market price of the Exito Shares on the Effective Date. If the market price of the Exito Shares increases or decreases, the value of the Exchange Ratio provided pursuant to the Arrangement will correspondingly increase or decrease. Many of the factors that affect the market price of the Exito Shares are beyond the control of Exito. These factors include, among others, fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

### ***The Parties may not realize the anticipated benefits of the Acquisition***

The Parties are proposing to complete the Acquisition to strengthen the position of the resulting issuer in the technology industry and to create the opportunity to realize certain benefits including, among other things, those set forth in the GLN Circular under "*Recommendation of the GLN Board and Reasons for the Recommendation*". A variety of factors, including those risk factors set forth in this Joint Supplement and the documents incorporated by reference herein, may adversely affect the ability to achieve the anticipated benefits of the Arrangement.

### **Risk Factors Relating to GLN**

Whether or not the Arrangement is completed, GLN will continue to face many risk factors that it currently faces with respect to its business and affairs. Any one or more of such risk factors could materially affect GLN's future operating results and could cause actual events to differ materially from those described in forward-looking

information relating to GLN. An investment in GLN is speculative and involves a high degree of risk. Future results will be affected by changes in market conditions, political or regulatory developments, timely completion of commitments or projects, the outcome of commercial negotiations and technical or operating factors.

***Limited operating history and uncertainty of future revenues***

GLN has a limited operating history and trading record and it is, therefore, difficult to evaluate GLN's business and future prospects. In particular, GLN is at an early stage of development with operating losses expected to continue for the foreseeable future. The future success of GLN is dependent on the GLN Directors' ability to implement its strategy. While the GLN Directors are optimistic about GLN's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. GLN faces risks frequently encountered by developing companies. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, while at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with GLN's growth could have a material adverse effect on GLN's business, financial condition and results of operations.

***Dependence on key executives, personnel and contractors***

The success of GLN to a significant extent depends on the GLN directors, management and other key personnel and contractors. The GLN directors believe that GLN's future success will depend largely on its ability to attract and retain highly skilled and qualified personnel and contractors and to expand, train and manage its employee and contractor base. There can be no guarantee that suitably skilled and qualified individuals will be identified and employed or contracted on satisfactory terms or at all. If GLN fails to recruit or retain the necessary personnel or contractors, or if GLN loses the services of any of its key executives, its business could be materially and adversely affected.

***Litigation risks***

GLN has advanced claims against Lerna, LLC ("**Lerna**") and other entities in respect of a series of agreements including an asset purchase agreement dated December 21, 2015 (the "**APA**") entered into between Good Life and Lerna. Lerna has advanced claims against GLN pertaining to a dispute concerning the APA. GLN disputes any present liability to Lerna under the APA. Although management believes it will be successful in these proceedings, an adverse ruling could have a material adverse effect on GLN's future cash flows, results of operations and financial condition. Other legal proceedings may arise from time to time in the course of GLN's business. The GLN directors cannot preclude that litigation may not be brought against GLN in the future from time to time or that it may not be subject to any other form of litigation. GLN may find it difficult, impossible or very costly to enforce the rights it may have under agreements it may enter into.

***Insurance and uninsured risks***

Although GLN maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and GLN may decide not to insure against certain risks because of high premiums or other reasons.

***No history of dividends***

GLN has not paid a dividend on its GLN Shares since incorporation. GLN intends to continue to retain earnings and other cash resources for its business. Any future determination to pay dividends will be at the discretion of the GLN Board and will depend upon the capital requirements of GLN, results of operations and such other factors as the GLN Board considers relevant.



### ***General economic climate***

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital, and industrial disruption have an impact on demand, business costs and stock market prices. GLN's operations, business and profitability can be affected by these factors, which are beyond the control of GLN.

### ***Conflicts of Interest***

Certain of the GLN Directors and officers of GLN may serve from time to time as directors, officers, and members of management of other companies involved in the technology industry and therefore it is possible that a conflict may arise between their duties as a GLN Director or officer of GLN and their duties as a director, officer, or member of management of such other companies.

In addition to the foregoing, GLN currently has a significant working capital deficit. If the Arrangement is not completed, GLN will have to secure additional capital in order to carry on its business plans and settle its liabilities. There is no assurance it will secure such capital on favourable terms or at all.

### **Risk Factors Relating to Exito**

Whether or not the Acquisition is completed, Exito will continue to face many risk factors that it currently faces with respect to its business and affairs. Any one or more of such risk factors could materially affect Exito's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to Exito.

Exito has limited operating history and, in particular, no history of business operations or revenue generation. Exito was incorporated on November 11, 2010 and has yet to generate a profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. Although the Resulting Issuer anticipates earning revenue in the future, it will also incur substantial expenses in the establishment of its business. To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, the Resulting Issuer's long-term viability may be materially and adversely affected.

### **Risk Factors Relating to the Operations of the Resulting Issuer**

In addition to the risk factors relating to GLN and Exito, which the Resulting Issuer will still face, the GLN Shareholders should consider the risk factors relating to the Resulting Issuer below.

### ***Ability to Protect Proprietary Offering***

Any failure to protect the Resulting Issuer's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps the Resulting Issuer has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to the Resulting Issuer's technology. As at the date hereof, the Resulting Issuer does not have patent protection on its technology or registered any trademarks but instead may, as necessary, rely on a combination of trade secret, copyright law, nondisclosure agreements, passing-off laws and other common law intellectual property protections in the U.S. and Canada. In addition, the Resulting Issuer uses contracts, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements, other contractual rights and technical measures to protect its intellectual property. The Resulting Issuer has generally entered into confidentiality agreements with and obtains assignments of intellectual property and waivers of moral rights from its employees and contractors and has worked to limit access to and distribution of its technology, documentation and other proprietary information. However, the steps taken may not be adequate to deter misappropriation or independent third party development of the Resulting



Issuer's technology. The laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the U.S. If the Resulting Issuer resorts to legal proceedings to enforce its intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk to the Resulting Issuer's proprietary rights if it is unsuccessful in such proceedings. Moreover, the Resulting Issuer's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that the Resulting Issuer may apply for or obtain in the future may not be broad enough to protect all of the technology important to its business, and its ownership of patents would not in itself prevent others from securing patents that may prevent the Resulting Issuer from engaging in actions necessary to its business, products, or services

### ***Retaining and Attracting Customers***

To sustain or increase the Resulting Issuer's revenue, the Resulting Issuer must add new advertisers and encourage any existing advertisers, which may be represented by advertising agencies, to purchase additional offerings. As the digital advertising industry matures and as competitors introduce lower cost or differentiated products or services that compete with, or are perceived to compete with, the Resulting Issuer's products or services, its ability to complete sales with new and existing advertisers based on the Resulting Issuer's current offerings, pricing, technology platform and functionality could be impaired. If the Resulting Issuer fails to retain or cultivate the spending of newer, lower-spending advertisers, it will be difficult for it to sustain and grow its revenue. Even with long-time advertisers, the Resulting Issuer may reach a point of saturation at which it cannot continue to grow revenue from those advertisers because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider or for other reasons not known to management.

The Resulting Issuer has invested significant resources in its sales and marketing teams to educate potential and prospective advertisers and advertising agencies about the value of the Programmatic Marketing Platform. Sales staff is often required to explain how the Resulting Issuer's Programmatic Marketing Platform can optimize advertising campaigns in real time. The Resulting Issuer's business depends in part upon advertisers' confidence, and the confidence of the advertising agencies that represent those advertisers, that use of real-time advertising exchanges to purchase inventory is superior to other methods of purchasing digital advertising. The Resulting Issuer often spends substantial time and resources responding to requests for proposals from potential advertisers and their advertising agencies, including developing material specific to the needs of such potential advertisers. The Resulting Issuer may not be successful in attracting new advertisers despite its investment in business development, sales and marketing. The Resulting Issuer continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of the Resulting Issuer believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. The Resulting Issuer's ability to achieve significant revenue growth depends, in large part, on its success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support its growth. New hires require significant training and it may take significant time before they achieve full productivity. Recent hires and planned hires may not become productive as quickly as expected, and the Resulting Issuer may be unable to hire or retain sufficient numbers of qualified individuals in the markets where it does business or plans to do business. In addition, if the Resulting Issuer grows rapidly, a large percentage of its sales team will be new to the Resulting Issuer and its offerings. If the Resulting Issuer is unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to its existing customer base, its business will be adversely affected.

### ***No Long-Term Customer Commitments***

The Resulting Issuer's customers will do business by placing insertion orders for particular advertising campaigns. If the Resulting Issuer performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with the Resulting Issuer for additional advertising campaigns. The Resulting Issuer generally will have no commitment from an advertiser beyond the campaign governed by a particular insertion order. Insertion orders may be cancelled by advertisers or their advertising

agencies prior to the completion of the campaign without penalty. As a result, the Resulting Issuer's success is dependent upon its ability to outperform competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom it provides services. In addition, it is relatively easy for advertisers and the advertising agencies that represent them to seek an alternative provider for their advertising campaigns because there are no significant switching costs, and agencies often have relationships with many different providers, each of whom may be running portions of the same advertising campaign. Because the Resulting Issuer does not have long-term contracts, management may not accurately predict future revenue streams and there can be no assurance that current advertisers will continue to use the Resulting Issuer's Programmatic Marketing Platform, or that the Resulting Issuer will be able to replace departing advertisers with new advertisers that provide the Resulting Issuer with comparable revenue.

#### ***Failure to Properly Manage Growth***

Growth in the Resulting Issuer's business may strain the Resulting Issuer's management, financial, and other resources. The Resulting Issuer relies heavily on information technology, or IT, systems to manage critical functions such as advertising campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage any future growth effectively, the Resulting Issuer must expand its sales, marketing, technology and operational staff, invest in research and development of its Programmatic Marketing Platform and/or new offerings, enhance its financial and accounting systems and controls, integrate new personnel or contractors, and successfully manage expanded operations. As the Resulting Issuer grows, it will incur additional expenses, and its growth may place a strain on resources, infrastructure and ability to maintain the quality of its offering. Accordingly, the Resulting Issuer may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

#### ***Reliance on Third Parties***

The Resulting Issuer anticipates that it will continue to depend on various third party relationships in order to grow its business. The Resulting Issuer continues to pursue additional relationships with third parties, such as technology and content providers, real-time advertising exchanges, market research companies, co-location facilities and other strategic partners. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third party data and services. The Resulting Issuer's agreements with channel partners and providers of technology, computer hardware, co-location facilities, content and consulting services and real-time advertising exchanges are typically non-exclusive, in that they do not prohibit these third parties from working with the Resulting Issuer's competitors or from offering competing services. These third parties can generally terminate their arrangements with the Resulting Issuer at any time. The Resulting Issuer's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of the Resulting Issuer's offerings. In addition, these third parties may not perform as expected under the Resulting Issuer's agreements with them, and the Resulting Issuer may have disagreements or disputes with such third parties, which could negatively affect the Resulting Issuer's brand and reputation.

In particular, the Resulting Issuer's continued growth depends on its ability to source computer hardware, including servers built to its specifications, and the ability to locate those servers and related hardware in co-location facilities in the most desirable locations to facilitate the timely delivery of its services. Similarly, disruptions in the services provided at co-location facilities that the Resulting Issuer relies upon can degrade the level of services that it can provide, which may harm the Resulting Issuer's business. The Resulting Issuer also relies on its integration with many third party technology providers to execute its business on a daily basis. The Resulting Issuer must efficiently direct a large amount of network traffic to and from its servers to consider billions of bid requests per day, and each bid typically must take place in approximately 100 milliseconds. The Resulting Issuer relies on a third party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If the Resulting Issuer's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across the Resulting Issuer's servers as well as impairing or preventing web browser connectivity to the Resulting Issuer's Programmatic Marketing Platform, which may harm

its business.

### ***Personnel***

The loss of any member of the Resulting Issuer's management team, and in particular, its co-founders, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Resulting Issuer's business and operating results.

At present and for the near future, the Resulting Issuer will depend upon a relatively small number of employees and contractors to develop, market, sell and support its Programmatic Marketing Platform. The expansion of technology, marketing and sales of its Programmatic Marketing Platform will require the Resulting Issuer to find, hire, and retain additional capable employees or subcontractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and the Resulting Issuer may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Resulting Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

In addition, as the Resulting Issuer moves into new geographies, it will need to attract and recruit skilled employees in those areas. The Resulting Issuer has no experience with recruiting in geographies outside of Canada and the U.S., and may face additional challenges in attracting, integrating and retaining international employees.

### ***Dependence on Display Advertising***

Historically, the Resulting Issuer's customers have predominantly used the Programmatic Marketing Platform for display advertising, and the substantial majority of the Resulting Issuer's revenue is derived from advertisers that use the Programmatic Marketing Platform for display advertising. The Resulting Issuer expects that the online advertising channels it supports will continue to be a primary channel used by its customers. Should customers lose confidence in the value or effectiveness of these channels, the demand for the Programmatic Marketing Platform may decline. While revenues from mobile, social and video advertising have grown rapidly, the Resulting Issuer's failure to achieve market acceptance of its Programmatic Marketing Platform for mobile, social and video advertising would harm its growth prospects, operating results and financial condition.

### ***Lack of Transparency Over Fees and Net CPMs***

Despite programmatic media's focus on efficiency, advertisers are often paying significantly higher CPMs (cost per thousand) for programmatic non-guaranteed buys than a publisher receives net of fees. By itself, this pricing model is not problematic, as transactional technology has a concrete value in the purchase cycle and needs to be priced accordingly. However, the lack of transparency, where technology fees are not broken out from CPMs, results in buyers and sellers evaluating inventory value and ROI based on limited information.

### ***Cyclical Nature of Industry***

The advertising industry is cyclical and tends to peak in Q2 and more so in Q4. Q1 and Q3 tend to be the softest quarters. This trend carries through to online advertising where we also see this pattern, with Q4 budgets and therefore revenues typically much larger than the other three quarters. This follows consumer spending cycles and advertisers keen to spend budgets in Q4 when consumers are spending heavily for the holiday season.

### **Risks Associated with Insertion Orders**

GLN operates in business relationships under the terms of Insertion Orders ("IO"). These IOs are typically open ended but can be terminated at short notice. Equally they have no minimum and maximum spend and the ability to generate revenue is dependent on GLN's ability to secure appropriate users and match them to the appropriate advertisers.

### **Financial and Accounting Risks**

#### ***Additional Financing***

There can be no certainty that the Resulting Issuer's financial resources and revenue from sales will be sufficient for its future needs. The Resulting Issuer may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of its Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of the Resulting Issuer to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Resulting Issuer. It may be difficult or impossible for the Resulting Issuer to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as the Resulting Issuer, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that the Resulting Issuer pays to service future debt incurred by the Resulting Issuer and affect the Resulting Issuer's ability to fund ongoing operations. If additional financing is raised by the issuance of Resulting Issuer Shares or other securities convertible into Resulting Issuer Shares, control of the Resulting Issuer may change and shareholders of the Resulting Issuer may suffer dilution. If adequate funds are not available, or not available on acceptable terms, the Resulting Issuer may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and continue operations. Any debt financing that is secured in the future could involve restrictive covenants relating to the Resulting Issuer's future capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

#### ***Estimates or Judgments Relating to Critical Accounting Policies***

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Resulting Issuer bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the Resulting Issuer's MD&A, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Resulting Issuer's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Resulting Issuer's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of the Resulting Issuer Shares. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

#### ***Internal Controls over Financial Reporting***

As a result of the Resulting Issuer's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. The Resulting Issuer does not have the resources, size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, the Resulting Issuer is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, the Resulting Issuer is not required to certify the design and evaluation of its disclosure controls and procedure ("**DC&P**") and internal controls over financial reporting ("**ICFR**"), and as such the Resulting Issuer has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR, as defined in National Instrument 52-109 – *Certification of Disclosure In Issuers' Annual and Interim Filings*, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Industry Risks**

### ***Competition***

The existing and anticipated markets for the Resulting Issuer's Programmatic Marketing Platform are highly competitive. Barriers to enter the market are low and additional companies may enter the market with competing offerings as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. In addition, the Resulting Issuer's customers could develop their own solutions. Many of the Resulting Issuer's competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does the Resulting Issuer. They may be able to respond more quickly than the Resulting Issuer can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering programmatic and real time bidding solutions, the Resulting Issuer also competes with services offered through large online portals that have significant brand recognition, such as Yahoo and Google. These large portals have substantial proprietary digital advertising inventory that may provide them with competitive advantages, including far greater access to internet user data, and the ability to significantly influence pricing for digital advertising inventory. The Resulting Issuer also competes for a share of advertisers' total online advertising budgets, including traditional advertising media, such as direct mail, television, radio, cable and print.

New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of the Resulting Issuer's offerings to achieve or maintain acceptance in existing or anticipated markets. The development of competing offerings or technologies by market participants or the emergence of new industry or government standards may adversely affect the Resulting Issuer's competitive position.

As a result of these and other factors, the Resulting Issuer may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

### ***Use of Third Party Cookies***

The widespread use of the internet across the globe is attributable in part to the ability of internet users to access valuable content quickly and free of charge. Digital media content providers, or publishers, who support the creation and distribution of this content do so largely by selling advertisements on their properties, similar to the business model of television and radio broadcasters. Internet users' online activity generates a vast amount of data, such as advertising viewed and responded to, and advertisers' websites visited, and is valuable to advertisers seeking to reach an optimal audience. Online, it is possible to serve advertisements to potential consumers based upon inferred interests. These interests may be inferred in part based on web-browsing history. The use of web browsing history to inform advertising purchase decisions is commonly referred to as "interest-based" or "online behavioral" advertising. Advertisers are willing to make a greater investment in, and pay a higher rate for, digital advertising when this interest-based data can be used to inform decisions about purchasing advertising impressions to reach desired consumers.

The use of interest-based online advertising has come under scrutiny globally by consumer advocacy organizations and regulatory agencies that focus on online privacy. More specifically, these groups have voiced concern about the use of "cookies" (small text files) and other online tools to record an internet user's browsing history, and the use of that information to deliver advertisements online based on inferred interests of the internet user.

The Resulting Issuer relies upon access to large volumes of data, including web browsing history, primarily through cookies in connection with its Programmatic Marketing Platform. The Resulting Issuer's cookies are known as "third party cookies" because they are placed on individual browsers when internet users visit a website owned by a publisher, advertiser or other first party that has given the Resulting Issuer permission to place cookies. These cookies are placed through an internet browser on an internet user's computer and correspond with a data set that is kept on the Resulting Issuer's servers. The Resulting Issuer's cookies record certain information, such as when an internet user views an ad, clicks on an ad, or visits one of the Resulting Issuer's advertiser's websites through a browser while the cookie is active. The Resulting Issuer uses these cookies to help it achieve advertisers' campaign goals, to help it ensure that the same internet user does not unintentionally see the same advertisement, to report aggregate information to advertisers regarding the performance of their advertising campaigns and to detect and prevent fraudulent activity. The Resulting Issuer also uses data from cookies to help it decide whether to bid on, and how to price, an opportunity to place an advertisement in a certain location, at a given time, in front of a particular internet user. Without cookie data, the Resulting Issuer may bid on advertising without as much insight into activity that has taken place through an internet user's browser. A lack of cookie data may detract from the Resulting Issuer's ability to make decisions about which inventory to purchase for an advertiser's campaign, and undermine the effectiveness of its Programmatic Marketing Platform.

Cookies may easily be deleted or blocked by internet users. Most commonly used internet browsers allow internet users to modify their browser settings to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Certain internet users also download free or paid "ad blocking" software that prevents third party cookies from being stored on a user's computer. If more internet users adopt these settings or delete their cookies more frequently than they currently do, the Resulting Issuer's business could be harmed. In addition, some internet browsers block third party cookies by default, and other internet browsers may implement similar features in the future. Unless such default settings in browsers are altered by internet users to accept third party cookies, fewer of the Resulting Issuer's cookies may be set in browsers, adversely affecting its business.

Certain international jurisdictions have adopted and implemented legislation that negatively impacts the use of cookies for online advertising, and additional jurisdictions may do so in the future. Currently, although the Canadian Anti-Spam Legislation ("**CASL**") requires consent to install a computer program, CASL provides a deemed express consent for the installation of a cookie. Limitations on the use or effectiveness of cookies may impact the performance of the Programmatic Marketing Platform. The Resulting Issuer may be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies to compensate for the lack of cookie data. The Resulting Issuer may not be able to develop or implement additional tools that compensate for the lack of cookie data. Moreover, even if the Resulting Issuer is able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than the Resulting Issuer's current use of cookies.

### ***Potential "Do Not Track" Standards***

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. In 2010, the U.S. Federal Trade Commission ("**FTC**"), issued a staff report criticizing the advertising industry's self-regulatory efforts as too slow and lacking adequate consumer protections. In 2012, a subsequent staff report was issued by the FTC, indicating that the FTC had brought enforcement actions against various online advertisers for



failure to honour consumer opt outs. The FTC emphasized a need for simplified notice, choice and transparency to the consumer regarding collection, use and sharing of data, and suggested implementing a "Do Not Track" browser setting that allows consumers to choose whether to allow "tracking" of their online browsing activities. All major internet browsers have implemented some version of a "Do Not Track" setting. Microsoft's Internet Explorer 10 and 11 include a "Do Not Track" setting that is selected by default. However, there is no definition of "tracking," no consensus regarding what message is conveyed by a "Do Not Track" setting and no industry standards regarding how to respond to a "Do Not Track" preference. The World Wide Web Consortium chartered a "Tracking Protection Working Group" in 2011 to convene a multi-stakeholder group of academics, thought leaders, companies, industry groups and consumer advocacy organizations, to create a voluntary "Do Not Track" standard for the web. The group has yet to agree upon a standard. The "Do-Not-Track Online Act of 2013" was introduced in the U.S. Senate in February 2013. If a "Do Not Track" browser setting is adopted by many internet users, and the standard either imposed by legislation or agreed upon by standard setting groups, prohibits the Resulting Issuer from using non-personal information as it currently does, then that could hinder growth of advertising and content production on the web generally, cause the Resulting Issuer to change its business practices and adversely affect its business.

### ***Legislation and Regulation***

Government regulation may increase the costs of doing business online. The Canadian and certain foreign governments have enacted or are considering legislation related to online advertising and management of the Resulting Issuer expects to see an increase in legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for the Resulting Issuer's offerings or otherwise harm its business, results of operations and financial condition. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information. The *Personal Information Protection and Electronic Documents Act* and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. Currently, the Resulting Issuer collects and stores IP addresses. While the Resulting Issuer takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if there is a data breach, there is a potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information, within the Canada, the U.S. and elsewhere, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may cause the Resulting Issuer to, in the future, change business practices, or limit or inhibit the Resulting Issuer's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While the Resulting Issuer takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

In addition, while the Resulting Issuer takes steps to avoid collecting personally identifiable data about consumers (other than IP addresses), it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. The Resulting Issuer's failure to comply with Applicable laws and regulations, or to protect personal information, could result in enforcement action against the Resulting Issuer, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the company's reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even the perception of privacy concerns, whether or not valid, may harm the Resulting Issuer's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

### ***Infringement of Intellectual Property Rights***

If the Resulting Issuer's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, the Resulting Issuer may be required to reengineer its technology or seek to obtain licenses from third parties to continue offering its technology without substantial reengineering. Any such efforts may not be successful or if successful could require payments that may have a material adverse effect on profitability and financial condition. Any litigation involving infringement claims would be expensive and time-consuming, and an adverse outcome may result in payment of damages or injunctive relief that could materially and adversely affect the Resulting Issuer's business.

Circumstances outside of the Resulting Issuer's control could pose a threat to its intellectual property rights. Effective intellectual property protection may not be available in the U.S., Canada or other countries in which the Programmatic Marketing Platform is offered in the future. In addition, the efforts that have been taken to protect the Resulting Issuer's intellectual property rights may not be sufficient or effective. Any impairment of the Resulting Issuer's intellectual property rights could harm its business, its ability to compete and harm its operating results.

The Resulting Issuer does not independently verify whether it is permitted to deliver advertising to its advertisers' internet users or that the content of the advertisements it delivers is legally permitted. The Resulting Issuer receives representations from advertisers that the content of the advertising that the Resulting Issuer places on their behalf is lawful. The Resulting Issuer also relies on representations from its advertisers that they maintain adequate privacy policies that allow the Resulting Issuer to place pixels on their websites and collect valid consents from users that visit those websites to collect and use such user's information to aid in delivering the Resulting Issuer's offerings. If any of these representations are untrue and the Resulting Issuer's advertisers do not abide by laws governing their content or privacy practices, the Resulting Issuer may become subject to legal claims and exposed to potential liability and expense (for which it may or may not be indemnified), and its reputation may be damaged.

### ***Use of Open Source Software Components***

The Resulting Issuer's Programmatic Marketing Platform, including its computational infrastructure, relies on software licensed to it by third party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that the Resulting Issuer make available source code for modifications or derivative works the Resulting Issuer creates based upon the type of open source software the Resulting Issuer uses. If the Resulting Issuer combines its proprietary software with open source software in a certain manner, the Resulting Issuer could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow the Resulting Issuer's competitors to create similar solutions with lower development effort and time and ultimately put the Resulting Issuer at a competitive disadvantage.

Although the Resulting Issuer monitors its use of open source software to avoid subjecting its products to conditions it does not intend, the terms of many open source licenses have not been interpreted by Canadian courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on the Resulting Issuer's ability to commercialize its services. Moreover, the Resulting Issuer cannot guarantee that its processes for controlling its use of open source software will be effective. If the Resulting Issuer is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating its Programmatic Marketing Platform on terms that are not economically feasible, to re-engineer its Programmatic Marketing Platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of its proprietary code, any of which could adversely affect the Resulting Issuer's business, operating results and financial condition.



### ***Unanticipated Problems Associated with the Programmatic Marketing Platform***

The Resulting Issuer depends upon the sustained and uninterrupted performance of its Programmatic Marketing Platform to operate a number of campaigns at any given time; manage its inventory supply; bid on inventory for each campaign; serve or direct a third party to serve advertising; collect, process and interpret data; and optimize campaign performance in real time and provide billing information. Because the Resulting Issuer's software is complex, undetected errors and failures may occur, especially when new versions or updates are made. The Resulting Issuer's Programmatic Marketing Platform may contain undetected errors or "bugs", which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite the Resulting Issuer's plans for quality control and testing measures, its Programmatic Marketing Platform, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, the Resulting Issuer may be required or choose to expend additional resources to help mitigate any problems resulting from errors in its software. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against the Resulting Issuer by its customers and other parties.

### ***Mobile Advertising***

The Resulting Issuer's success in the mobile advertising channel depends upon the ability of its Programmatic Marketing Platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom the Resulting Issuer does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on mobile devices. If the Resulting Issuer's Programmatic Marketing Platform is unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wishes to impair the Resulting Issuer's ability to provide advertisements on them or the Resulting Issuer's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, the Resulting Issuer's ability to generate revenue could be significantly harmed.

### ***Obsolescence***

The Resulting Issuer's business is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies, the emergence of new industry standards, or improvements to existing technologies could render the Resulting Issuer's platform obsolete or relatively less competitive. The Resulting Issuer's future success will depend upon its ability to continue to develop and expand its Programmatic Marketing Platform and to address the increasingly sophisticated needs of its customers. The Resulting Issuer may experience delays in releasing new offerings or enhancements in the future. Material delays in introducing new offerings or enhancements may cause customers to forego purchases of the Resulting Issuer's offering to purchase offerings of competitors instead.

### ***Catastrophic Events***

The Resulting Issuer maintains servers at co-location facilities in Canada that it uses to deliver advertising campaigns for its advertisers. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for the Resulting Issuer to operate its business for some period of time. If the Resulting Issuer were to lose the data

stored in one or more of its co-location facilities, it could take several days, if not weeks, to recreate this data from multiple sources, which could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in the Resulting Issuer's operations could negatively impact its business and results of operations, and harm its reputation. In addition, the Resulting Issuer may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

### ***Economic, Political and Market Conditions***

The Resulting Issuer's business depends on the overall demand for advertising and on the economic health of its current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about continued economic recovery are likely to affect the Resulting Issuer's business prospects. This uncertainty may cause general business conditions in Canada and the U.S. and elsewhere to deteriorate or become volatile, which could cause advertisers to delay, decrease or cancel purchases of the Resulting Issuer's offerings, and expose the Resulting Issuer to increased credit risk on advertiser orders, which, in turn, could negatively impact its business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

### **Risks Related to the Resulting Issuer Shares**

#### ***Market for Resulting Issuer Shares***

There can be no assurance that an active trading market for the Resulting Issuer Shares will develop or, if developed, that any market will be sustained. Technology stocks have historically experienced high levels of volatility and the Resulting Issuer cannot predict the prices at which the Resulting Issuer Shares will trade. Fluctuations in the market price of the Resulting Issuer Shares could cause an investor to lose all or part of its investment in Resulting Issuer Shares. Factors that could cause fluctuations in the trading price of the Resulting Issuer Shares include (i) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular; (iv) fluctuations in the trading volume of the Resulting Issuer Shares or the size of the Resulting Issuer's public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuer's results of operations; (vi) whether the Resulting Issuer's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in Canada, the U.S., and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases or sales of large blocks of the Resulting Issuer Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on the Resulting Issuer from any of the other risks cited herein.

#### ***Significant Sales of Resulting Issuer Shares***

Certain Resulting Issuer Shares held by the Resulting Issuer's directors and executive officers are subject to escrow pursuant to the policies of the TSXV, as discussed under "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*". Sales of a substantial number of the Resulting Issuer Shares in the public market after the expiry of escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the Resulting Issuer Shares and may make it more difficult for investors to sell Resulting Issuer Shares at a favourable time and price.

### ***Dividend Policy***

The Resulting Issuer is not currently paying any dividends on the Resulting Issuer Shares and may not declare or pay any dividends in the future. The Resulting Issuer may, in its discretion, retain any earnings to finance the operation and expansion of its business, and accordingly, may not pay any dividends in the future. As a result, an investor may only receive a return on its investment in the Resulting Issuer Shares if the market price of such shares increases. In addition, the Institutional Loan contains restrictions on the Resulting Issuer's ability to pay dividends. See "*Dividends and Distributions*."

### ***Analyst Coverage***

The trading market for the Resulting Issuer Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Resulting Issuer or its business. The Resulting Issuer does not have any control over these analysts. If one or more of the analysts who covers the Resulting Issuer should downgrade the Resulting Issuer Shares or change their opinion of the Resulting Issuer's business prospects, the Resulting Issuer's share price would likely decline. If one or more of these analysts ceases coverage of the Resulting Issuer or fails to regularly publish reports on the Resulting Issuer, the Resulting Issuer could lose visibility in the financial markets, which could cause the Resulting Issuer's share price or trading volume to decline.

### ***Tax Issues***

There may be income tax consequences in relation to the Resulting Issuer Shares, which will vary according to circumstances of each investor. Shareholders and prospective investors should seek independent advice from their own tax and legal advisers.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

### **General**

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to a GLN Shareholder who, for the purposes of the Tax Act and at all relevant times, (i) deals at "arm's length" with Exito, (ii) is not "affiliated" (as defined in the Tax Act) with Exito, and (iii) holds all GLN Shares, and will hold all Exito Shares acquired on the Arrangement, as capital property (each such GLN Shareholder in this summary, a "**Holder**").

GLN Shares and Exito Shares will generally be considered to be capital property of the Holder of such shares for purposes of the *Tax Act*, unless the Holder holds such shares in the course of carrying on a business of trading or dealing securities or acquired the shares in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who are residents of Canada for the purposes of the Tax Act and whose GLN Shares or Exito Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have such shares and every other "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election, and in all subsequent taxation years, deemed to be capital property. Such Holders should consult their own tax advisors regarding whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances.

This summary is based on the current provisions of the Tax Act and the regulations thereunder and counsel's understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date of this document. This summary also takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and assumes all such Proposed Amendments will be enacted in their present form, although no assurances can be given in this regard. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by judicial, governmental or

legislative action or decision, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to a Holder:

- (i) that is a "financial institution", as defined in the Tax Act, for purposes of the "mark-to-market property" rules;
- (ii) that is, or is controlled by, a "specified financial institution", as defined in the Tax Act;
- (iii) an interest in which is a "tax shelter investment", as defined in the Tax Act;
- (iv) to whom the "functional currency" reporting rules in section 261 of the Tax Act apply;
- (v) that is a "foreign affiliate", as defined in the Tax Act, of a taxpayer resident in Canada;
- (vi) that has entered into a "derivative forward agreement" or "synthetic disposition arrangement", both as defined in the Tax Act, with respect to the GLN Shares;
- (vii) who acquired his or her Exito Shares or GLN Shares on the exercise of an employee stock option.

All such Holders should consult their own tax advisors.

Further, this summary is not applicable to a Holder that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the GLN Shares or Exito Shares controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in Section 212.3 of the *Tax Act*. Any such Holders should consult their own tax advisor.

**This summary is of a general nature only and is not exhaustive of all possible relevant Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Holder, and no representation with respect to the tax consequences to any particular Holder are made. Accordingly, Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of the Arrangement in their particular circumstances.**

#### **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the Tax Act (a "**Resident Holder**").

#### ***The Arrangement***

##### Rollover

In general, the exchange of GLN Shares for Exito Shares under the Arrangement will not give rise to a capital gain (or capital loss) to a Resident Holder unless such shareholder elects to report such capital gain or capital loss in its income tax return for the year in which the exchange occurs.

Except where a particular Resident Holder chooses to recognize a capital gain (or capital loss) on the exchange of GLN Shares for Exito Shares (as discussed below), a Resident Holder shall be deemed to have disposed of their GLN Shares for proceeds of disposition equal to the adjusted cost base of such shares immediately before the exchange and to have acquired their Exito Shares at a cost equal to that same amount. The cost of such Exito Shares must be

averaged with the adjusted cost base of all other Exito Shares held by such Resident Holder as capital property immediately before the exchange to determine the adjusted cost base of each Exito Share to the holder.

#### No Rollover

A Resident Holder may choose to recognize a capital gain (or capital loss) on the exchange of GLN Shares for Exito Shares by including the capital gain (or capital loss) in such Resident Holder's tax return for the taxation year in which the exchange occurs. In those circumstances, the Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the Exito Shares received on the exchange exceeds (or is exceeded by) the adjusted cost base of the GLN Shares exchanged therefor and any costs associated with the disposition and will acquire the Exito Shares at a cost equal to the fair market value of the Exito Shares determined at that time. Such capital gains (or capital losses) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses". The cost of such Exito Shares must be averaged with the adjusted cost base of all other Exito Shares held by such Resident Holder immediately before the exchange as capital property to determine the adjusted cost base of each Exito Share to the holder.

#### ***Receipt of Dividends on Exito Shares***

A Resident Holder who is an individual will be required to include in income any dividend received or deemed to be received on Exito Shares and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit for dividends that have been designated as "eligible dividends" (as defined in the Tax Act in accordance with the provisions of the Tax Act.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received in income and generally will be entitled to deduct an equivalent amount in computing its taxable income. A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable for refundable Part IV tax of  $38\frac{1}{3}\%$  on any dividends received or deemed to be received on the Exito Shares to the extent that the dividend is deductible in computing the Resulting Issuer's taxable income.

Taxable dividends received by an individual or trust, other than certain specified trusts, may give rise to a liability for minimum tax as calculated under the detailed rules set out in the Tax Act.

#### ***Disposition of Exito Shares***

A Resident Holder that disposes of, or is deemed to dispose of, an Exito Share acquired pursuant to the Arrangement will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Exito Share exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base of such Exito Share immediately prior to the disposition and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*" below.

The adjusted cost base of an Exito Share will be the aggregate adjusted cost base of all Exito Shares owned by a Resident Holder, whether acquired pursuant to the Arrangement or subsequently, divided by the number of Exito Shares owned by a Resident Holder at the time of sale.

#### ***Taxation of Capital Gains and Capital Losses***

A Resident Holder generally will be required to include in computing its income for the taxation year of disposition one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the detailed provisions of the Tax Act, a Resident Holder will be permitted to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains arising in the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried

forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

In general, a capital loss otherwise arising upon the disposition of a share by a Resident Holder that is a corporation may be reduced by the amount of dividends previously received or deemed to have been received by it on such share, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, or where a trust or partnership of which a corporation is a beneficiary or member is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that throughout a taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional 10% refundable tax on certain investment income, which includes taxable capital gains.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to a liability for minimum tax under the Tax Act.

### ***Resident Dissenting Shareholders***

A Resident Holder who validly exercises Dissent Rights (a "**Resident Dissenting Shareholder**") and is paid the fair market value of the Resident Dissenting Shareholder's GLN Shares by Exito will be treated as having disposed of the GLN Shares for proceeds of disposition equal to the amount of such cash proceeds (less the amount of any interest received). Such a disposition of GLN Shares by a Resident Dissenting Shareholder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Dissenting Shareholder of those GLN Shares immediately before the disposition. The income tax treatment of capital gains and capital losses is discussed in greater detail above under the subheading "*Taxation of Capital Gains and Capital Losses*".

A Resident Dissenting Shareholder who receives interest on such payment will be required to include the full amount of such interest in the Resident Dissenting Shareholder's income.

Resident Holders who are considering exercising Dissent Rights in connection with the Arrangement are urged to consult with their tax advisors with respect to the tax consequences of such action.

### **Holders Not Resident in Canada**

This portion of the summary applies to a Holder who, for the purposes of the Tax Act and at all relevant times, is not resident or deemed to be resident in Canada and does not use or hold, and is not deemed to use or hold, GLN Shares or Exito Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules not discussed in this summary may apply to a non-resident insurer carrying on an insurance business in Canada and elsewhere.

### **The Arrangement**

A Non-Resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of GLN Shares for Exito Shares provided that the shares disposed of are not "taxable Canadian property" (as discussed below) of the Non-Resident Holder at the time of the exchange. In the event that a Non-Resident Holder's Shares constitute or are deemed to constitute "taxable Canadian property", the disposition thereof will generally not give rise to a capital gain (or capital loss) provided the Non-Resident Holder chooses not to recognize a capital gain (or capital loss) on the exchange as described above under the heading "Holders Resident in Canada - The Arrangement - Rollover". In the event the Exito Shares are "taxable Canadian property" (as discussed below under the heading "Holders Not Residents of Canada – Disposition of Exito Shares Acquired on the Arrangement") to the Non-Resident Holder and the Non-Resident Holder chooses to



recognize a capital gain (or capital loss), the consequences to such Non-Resident Holder will be the same as described above under the heading "Holders Resident in Canada – The Arrangement - No Rollover". Any such capital gain may be exempt from tax under the Tax under the terms of an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Shareholder resides.

#### ***Disposition of Exito Shares Acquired on the Arrangement***

A Non-Resident Holder who disposes or is deemed to dispose of its Exito Shares will not be liable for Canadian income tax in respect of any gain resulting from the disposition, except where the Exito Shares are "taxable Canadian property" (as defined in the Tax Act) and the Non-Resident Holder cannot benefit from an exemption in a tax convention or treaty.

Generally, a Exito Share will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that such share is listed on a "designated stock exchange" (as defined in the Tax Act) (which currently includes Tier 1 and Tier 2 of the TSXV), unless at any time during the 60 month period immediately preceding that time (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, and the Non-Resident Holder together with all such persons, own 25% or more of the shares of any class or series of Exito and (b) more than 50% of the fair market value of the Exito Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, an Exito Share may be deemed to be taxable Canadian property to a Non-Resident Holder in certain circumstances specified in the Tax Act. Non-Resident Holders to whom these rules may be applicable should consult their own tax advisors.

Even if an Exito Share is taxable Canadian property to a Non-Resident Holder, any capital gain realized upon the disposition of such share may not be subject to tax under the Tax Act if such gain is exempt from tax pursuant to the provisions of an applicable income tax treaty or convention.

If a Non-Resident Holder to whom Exito Shares are taxable Canadian property realizes a capital gain upon a disposition of such Exito Shares that is not exempt from tax under the Tax Act by virtue of an applicable income tax treaty or convention, the tax consequences described above under "Holders Resident in Canada - Taxation of Capital Gains and Losses" will generally apply. Such Non-Resident Holders whose Exito Shares are taxable Canadian property should consult their own tax advisors in this regard.

#### ***Receipt of Dividends on Exito Common Shares***

Where a Non-Resident Holder receives or is deemed to receive a dividend on Exito Shares, the amount thereof will be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend or such lower rate as may apply under the provisions of an applicable income tax convention or treaty.

#### ***Non-Resident Dissenting Shareholders***

A Non-Resident Holder who validly exercises Dissent Rights (a "**Non-Resident Dissenting Shareholder**") and is paid the fair market value of the Non-Resident Dissenting Shareholder's GLN Shares by Exito will be treated as having disposed of the GLN Shares for proceeds of disposition equal to the amount of such cash proceeds (less the amount of any interest received). Such a disposition of GLN Shares by a Non-Resident Dissenting Shareholder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Non-Resident Dissenting Shareholder of those GLN Shares immediately before the disposition.

A Non-Resident Dissenting Shareholder will not be subject to tax under the Tax Act in respect of any resulting capital gain provided that the GLN Shares do not constitute "taxable Canadian property", as discussed above, of the Non-Resident Dissenting Shareholder.

Even if the GLN Shares are taxable Canadian property to a Non-Resident Dissenting Shareholder, a taxable capital gain resulting from the disposition of the GLN Shares will not be included in computing the Non-Resident Dissenting Shareholder's income for purposes of the Tax Act provided that the capital gain is exempt from tax pursuant to the provisions of an applicable income tax treaty or convention.

A Non-Resident Dissenting Shareholder will not be subject to Canadian withholding tax in respect of interest paid as a consequence of the exercise of Dissent Rights.

### **Eligibility for Investment**

Provided that the Exito Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes Tier 1 and Tier 2 of the TSXV) at the particular time or Exito otherwise qualifies as a "public corporation" (as defined in the Tax Act) at the particular time, the Exito Shares will, at that time, be "qualified investments" under the Tax Act and the regulations under the Tax Act for trusts governed by RRSPs, RRIFs, "deferred profit sharing plans", "registered education savings plans", "registered disability savings plans" and TFSAs, all as defined in the Tax Act (collectively, "**Deferred Plans**").

Notwithstanding the foregoing, a holder of a TFSA or the annuitant of an RRSP or RRIF will be subject to a penalty tax if the Exito Shares are a "prohibited investment" (as defined in the Tax Act) for the TFSA, RRSP or RRIF (as the case may be). Exito Shares will generally be a prohibited investment if the holder of the TFSA or the annuitant of the RRSP or RRIF: (i) does not deal at "arm's length" for the purposes of the Tax Act with Exito, or (ii) has a "significant interest" (as defined in the Tax Act) in Exito. In addition, Exito Shares will generally not be a prohibited investment if the Exito Shares are "excluded property" as defined in the Tax Act. **Holders of a TFSA and annuitants of an RRIF or RRSP should consult their own tax advisors in regards to the application of these rules in their particular circumstances.**

### **Other Income Tax Considerations**

**This Joint Supplement does not contain a summary of the income tax considerations of the Arrangement under foreign laws for Holders who are subject to income tax outside of Canada.** Such Holders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated tax reporting and filing requirements, in such jurisdictions.



## INFORMATION CONCERNING GLN

This section should be read in conjunction with GLN Annual Financial Statements attached as Appendix "B" to this Joint Supplement, as well as the Resulting Issuer Pro Forma Statements attached as Appendix "K" to this Joint Supplement.

### Description of the Business of GLN

GLN is a technology company that has developed a programmatic marketing platform (the "**Programmatic Marketing Platform**") to intelligently connect digital advertisers to consumers across online display, mobile and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by GLN's proprietary machine learning technology that uses Big Data to intelligently target and connect digital advertisers with consumers. GLN has offices in the U.S. and Canada, and its customers range from large to small size businesses.

GLN's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and GLN's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms, which are the foundation of GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("**RTB**"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. GLN purchases impressions for advertisers through publishers, ad networks and exchanges. The Programmatic Marketing Platform benefits advertisers by enabling them to manage their bid amounts, target specific performance metrics and achieve consumer targeting goals.

The Programmatic Marketing Platform is a proprietary video advertising platform, designed specifically for this rapidly growing industry. GLN's technology provides exceptional levels of visibility and scale, affording a unique opportunity to scale high EBITDA revenue.

The Programmatic Marketing Platform is the cornerstone of GLN's business, providing industry leading insights and data. This allows GLN to match their clients to buyers in a way that provides significant and sustainable value to both. The large volume of data accumulated allows GLN to forecast algorithmically the needs and wants of the brands they represent, maximizing the efficiency for their partners while increasing their margins and profitability. GLN combines decades of award winning management experience with innovative technology designed and developed in house.

### Corporate Structure

GLN was incorporated under the BCBCA on August 17, 2011. The registered and records office of GLN is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. As of March 31, 2017, there were 100,187,221 GLN Shares issued and outstanding.

### General Development of the Business

#### *History*

In October 2013, GLN entered into a distribution agreement with iHeartMedia, Inc. in the U.S., which agreement is still effective, for digital distribution of GLN's Lifestyle radio brand Good Life Revolution on the company's iHeartRadio website, iHeartRadio application and related back-end systems and software.

In January 2014, GLN signed a letter of intent with Business Rockstars, LLC. In March, the parties entered into a binding agreement, pursuant to which GLN purchased an equity stake in Business Rockstars for US\$300,000. GLN worked with Business Rockstars for most of 2014 establishing radio syndication, creating sales packages and collateral material to help launch the brand.

In March 2014, GLN entered into an agreement with Kisameet Glacial Clay Inc. pursuant to which GLN created all branding material, web and video content for the launch of Kisameet Clay into the cosmetic market.

In April 2014, GLN entered into a strategic partnership with Apolo Ohno to design marketing material and create and launch a broadcast marketing strategy for Ohno's Alysian Sciences brand of products.

In June 2014, GLN continued to design and develop multiple sites for numerous brands and companies including The Bullet Proof Execute, real estate companies and financial companies. GLN also began to design and developed a new music website called Claim2Fame.

In September 2014, GLN entered into a broadcast distribution agreement with Radio America for the syndication of GLN's lifestyle radio brand Good Life Revolution to 40 radio stations in the U.S.

Acquisitions have been a part of the strategic growth plan of GLN. In November 2014, GLN began to establish relationships and identify acquisition targets for 2015.

In 2015, GLN continued to build its name as a digital marketing agency and created new relationships with additional brands including Kevin Harrington, Star Shoppe (Shark Tank), Dr. Sha and Corporate Traveler.

In October 2015, GLN entered into a promotional agreement with Disney to help promote their Diamond Celebration in 2016. This agreement included online and broadcast marketing along with video production supporting various Disney events scheduled in 2016.

In December 2015, GLN entered into an agreement to purchase an advertising technology company called AmpDesk Mobile from Lerna, LLC.

On December 21, 2015, GLN completed a \$750,000 financing pursuant to a loan agreement entered into among GLN, 7032749 Canada Inc. and certain lenders listed in Schedule "A" thereto, the proceeds of which were used to finance the purchase of AmpDesk Mobile.

In 2016, GLN capitalized on its expertise in broadcast and traditional marketing to pivot the company into Ad Tech. In January of 2016 GLN launched an ad tech division (Megacast).

In March 2016, GLN built and launched its own tech platform, the Programmatic Marketing Platform. In 2016, the Programmatic Marketing Platform proved to be scalable with efficiency mostly driven by machine trading of ad impressions on line and on mobile.

On October 7, 2016, GLN and Exito entered into the Arrangement Agreement with respect to a proposed business combination intended to constitute Exito's qualifying transaction, under the policies of the TSXV. Following further discussions, GLN entered into an Amended and Restated Arrangement Agreement with Exito on January 31, 2017.

In November 2016, GLN launched a SaaS (Software As A Service) version of its platform.

In December 2016, GLN licensed the Programmatic Marketing Platform to RLLCLL, LLC and Mega Media Partners, LLC. GLN charges a minimum service fee for use of the Programmatic Marketing Platform to each licensee and then receives a percentage of each sale (ad placement) each client makes using the Programmatic Marketing Platform. For clarity, GLN has not entered into an agreement to acquire or merge with RLLCLL, LLC. The

relationship between RLLCLL, LLC is such that RLLCLL, LLC is a client of the Company that has been licensed to use GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform has the advantage of providing more robust software to small and medium-size businesses without forcing them to incur large investments in servers, staff, and application design and programming. Instead of facing significant upfront costs, businesses pay for access to GLN's Programmatic Marketing Platform on a monthly basis. GLN will spend the first quarter of 2017 on the SaaS beta test and will roll out the full SaaS model in the 3rd quarter of 2017 and market the service to the industry. The estimated development cost to date for the Programmatic Marketing Platform is \$670,000 and the estimated development cost to date for the SaaS Platform is \$275,000 (USD).

On April 25, 2017 and April 27, 2017, GLN issued (the "**Bridge Financing**") on a private placement basis \$799,140 aggregate principal amount of unsecured convertible notes ("**Convertible Notes**"). The Convertible Notes will mature on the fifth (5th) anniversary of the closing date (the "**Maturity Date**"), and the outstanding principal amount and any accrued but unpaid interest will be due and payable on the Maturity Date. A holder of Convertible Notes will have the right at any time prior to the Maturity Date to convert all or a portion of the holder's outstanding principal amount of Convertible Notes into Units (as defined below) at a conversion price equal to CAD\$0.0475 per Unit (the "**Conversion Price**"), provided that any such conversion is for a minimum principal amount of CAD\$18,525 unless otherwise agreed to by GLN. Shortly prior to completion of the Qualifying Transaction, the Convertible Notes will automatically convert into Units at the Conversion Price. On conversion of the principal amount of the Convertible Notes, each investor shall receive one unit for each \$0.0475 of principal amount (the "**Units**"). Each Unit will be comprised of one common share of GLN ("**Unit Share**") and one-half of a non-transferable common share purchase warrant (a "**Unit Warrant**") at an exercise price of CAD\$0.09 per warrant share. At the Effective Time, the Unit Shares will be exchanged for Resulting Issuer Shares on the basis of the Exchange Ratio and each Unit Warrant shall become exercisable for Resulting Issuer Shares such that the number of Resulting Issuer Shares that may be acquired upon exercise of the Unit Warrants, and the exercise price per warrant share, will be adjusted to reflect the Exchange Ratio. The Unit Warrants will be exercisable for 24 months following the Qualifying Transaction.

The Convertible Notes will bear no interest, provided that if GLN does not complete the Qualifying Transaction by June 30, 2017, GLN will pay interest on the Convertible Notes in the amount of 10% per annum which will be calculated retroactively to the date of issuance of the Convertible Notes.

### ***Products and Services***

See "*Information Concerning GLN - Description of the Business of GLN*".

### ***Operations***

GLN currently delivers a service to online publishers and advertisers through its proprietary technology. This technology is already fully functional and generating revenues. The technology operates by connecting an online user to an advertiser. The GLN technology makes the optimum connection between that user and that advertiser to maximize relevance and revenue. The user gets a relevant experience, the advertiser promotes their product to a relevant user and GLN generates revenue and profit for facilitating that experience.

GLN provides the core ad decisioning technology and related reporting systems. Website owners who use our service are independent of GLN as are the brands and their agencies that supply the adverts and allocate the budgets. Physical server hardware used for operations is located in Los Angeles, USA and is leased. GLN's office space is leased on a short term lease and the lease is in good standing. The lease will automatically renew on June 1, 2017. GLN has the option to further renew the lease.

GLN provides a technology-lead business and is very dependent on the skill and expertise of our technology team. GLN's CTO is very experienced and leads the team that will keep GLN at the forefront of the industry. GLN's sales

and operations is also lead by a seasoned industry veteran who has extensive contacts and relationships in the industry. GLN has seven consultants as at the most recent financial year.

Brand name is important from a business perspective; however, GLN is not public facing and transacts only with other businesses. As such, commercial relationships are most important while typical business to consumer activities such as email lists are not relevant to the operation.

The advertising industry is cyclical and tends to peak in Q2 and more so in Q4. Q1 and Q3 tend to be the softest quarters. This trend carries through to online advertising where we also see this pattern, with Q4 budgets and therefore revenues typically much larger than the other three quarters. This follows consumer spending cycles and advertisers keen to spend budgets in Q4 when consumers are spending heavily for the holiday season.

GLN operates in business relationships under the terms of Insertion Orders (IO). These IOs are typically open-ended but can be terminated at short notice. Equally they have no minimum and maximum spend and the ability to generate revenue is dependent on GLN's ability to secure appropriate users and match them to the appropriate advertisers.

GLN typically transacts with companies that operate within the United States and we currently are unaware of any plans to change how we can transact there. GLN also has some arms-length commercial relationships with companies in Israel and no known issues exist.

### **Market**

Programmatic advertising technology helps automate the decision-making process of media buying by targeting specific audiences and demographics. Programmatic ads are placed using artificial intelligence (AI) and real-time bidding (RTB) for online display, social media advertising, mobile and video campaigns, and is expanding to traditional TV advertising marketplaces. GLN's technology can operate on a global scale but specifically targets the U.S. and Canada as the largest advertising media centers with the most coveted audience demographics.

In spring of 2016, it was anticipated that programmatic digital advertisement spending in the United States would reach \$22.10 billion that same year. This would represent an increase of 39.7% from the prior year, and represents 67.0% of the total digital advertisement spending in the United States.<sup>1</sup>

In 2015, it was anticipated that programmatic ads would account for more than half (58%) of the digital advertising sold in Canada by 2016.<sup>2</sup> According to the Interactive Advertising Bureau's third annual Video Ad Spend study, nearly three-quarters (72%) of the 360 marketing and media buying professionals surveyed said they will move funds out of TV in an effort to increase their spending on digital video advertising.<sup>3</sup>

In 2016, GroupM, a leading Advertising Agency, stated that digital captured 72 cents of every new ad dollar spent, while TV captured 21 cents. The split will tilt even further in digital's favor in 2017, with digital winning 77 cents per new dollar, compared with 17 cents for TV, according to eMarketer.<sup>4</sup>

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<sup>1</sup> eMarketer, "More Than Two-Thirds of US Digital Display Ad Spending Is Programmatic": <<https://www.emarketer.com/Article/More-Than-Two-Thirds-of-US-Digital-Display-Ad-Spending-Programmatic/1013789>>.

<sup>2</sup> eMarketer, "Mobile Drives Canada's Programmatic Growth": <<https://www.emarketer.com/Article/Mobile-Drives-Canadas-Programmatic-Growth/1013097>>.

<sup>3</sup> "Interactive Advertising Bureau, "2016 IAB Video Ad Spend Study, April 2016": <<https://www.iab.com/wp-content/uploads/2016/04/2016-IAB-Video-Ad-Spend-Study.pdf>>.

<sup>4</sup> eMarketer, "Three Agencies Release Estimates for 2017 Ad Spending": <<https://www.emarketer.com/Article/Three-Agencies-Release-Estimates-2017-Ad-Spending/1014804>>.

In early 2016, mobile programmatic spending was expected to reach \$15.45 billion in the US in 2016, representing 69.0% of all programmatic digital ad spending. Programmatic video was expected to account for more than half of all digital video ad spending in the U.S. and programmatic video ad spending was expected to reach \$5.51 billion, representing 56.0% of total digital video ad spending in 2016.

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. Technology is changing at an exponential rate and businesses in the "Ad Tech" space will need to meet the changing needs of consumers, brands and software in order to remain relevant and profitable. If GLN unable to maintain a technological advantage, GLN's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

GLN is firmly positioned to provide technology and expertise for this fast growing digital space. Fluctuations in marketing budgets could affect GLN's stated business objectives however, any negative impact could be mitigated by continued development in technology that allowing GLN's Programmatic Marketing Platform to evolve with the needs of the industry.

In 2016 GLN launched a proprietary technology platform, the Programmatic Marketing Platform. GLN achieve exceptional market acceptance with over 100 major clients successfully using the Programmatic Marketing Platform in 2016 producing impressive revenue growth.

GLN intends to maintain its competitive position through experience, technology, relationships and software advances which give GLN the competitive edge.

This is an unregulated market and there are no current or foreseen market controls. The Interactive Advertising Bureau have established a set of guidelines associated with digital advertising which guidelines are followed and supported by the industry at large.

The Advertising industry is cyclical and tends to peak in Q2 and more so in Q4. Q1 and Q3 tend to be the weakest quarters. This trend carries through to online advertising where we see this pattern, with Q4 budgets and therefore revenues typically much larger than the other three quarters. This follows consumer spending cycles and advertisers keen to spend budgets in Q4 when consumers are spending heavily for the holiday season. This cyclical trend is observed to a similar extent in all market sectors that GLN operates in. Budgets and their allocation are typically monthly or quarterly and the recipients of that budget are not guaranteed.

### ***Marketing Strategy***

The Programmatic Marketing Platform is marketed to customers through GLN's direct sales team, which focuses on advertising agencies and advertisers, as well as on other third parties. GLN's direct sales team is organized by geography throughout Canada and US, with regional offices in Vancouver, British Columbia, San Francisco, Phoenix, Arizona and London, England and sales personnel based out of Vancouver and Phoenix. Most customers are assigned to a sales representative who manages a customer's relationship with GLN. Sales and marketing costs arise from establishing and maintaining customer relationships to generate revenue. The costs are comprised of compensation and benefits for GLN's sales staff as well as marketing expenses, including advertising and promotion, meals and entertainment, and travel. GLN's sales are priced in the context of the market and its specific customers. As GLN's inventory is purchased mostly through an RTB auction system, the cost of its sales vary based a variety of factors which are outside of its control. Inventory may be sold at a premium, at cost, or at a discount to its purchase price, depending upon market conditions, contractual commitments to customers and other factors. The projected costs per year associated with these marketing initiatives and growth strategies are estimated based on revenue objectives of 20 million dollars. The following is an estimate of projected costs based on current expectations and beliefs of management and there can be no assurance that the projected costs will prove to be accurate.

<i>Breakdown of Marketing Costs</i>	<i>In Canadian dollars</i>
Additional Sales Staff	\$1,175,000.00
Commission	\$600,000.00
Additional Offices in NY and Toronto	\$150,000.00
Travel and Entertainment	\$144,000.00
Online Marketing	\$150,000.00
Total	\$2,219,000.00

### ***Specialized Skill and Knowledge***

GLN's Programmatic Marketing Platform was developed by Cornel Fota, Chief Technology Officer ("**CTO**") and a team of software developers, with certain aspects of the Programmatic Marketing Platform having been licensed from third parties. GLN believes that the extensive experience of its management team and staff provide it with a distinct competitive advantage.

### ***Proprietary Protection***

GLN owns the copyright to the corporate name Good Life Networks. GLN currently has not trademarked the intellectual property related to the Programmatic Marketing Platform. GLN plans to begin the patent and trademark process within 30 days following completion of the Acquisition.

### ***Competitive Conditions***

The digital advertising industry is highly competitive and fragmented. GLN competes with large, well-established multi-national companies, digital advertising networks, divisions of certain advertising agencies, including agency trading desks that place digital advertising on behalf of the agencies' clients, and other companies, some of which also use proprietary technology to optimize advertising campaigns.

As the Programmatic Marketing Platform is expanded and developed, or as other companies introduce new products and services or enter the marketplace, GLN may become subject to additional competition. GLN's current principal competitors include Rocket Fuel Inc., Google, The Exchange Lab Inc., Yahoo, Turn Inc., MediaMath, Inc., AcuityAds and Criteo S.A. as well as some agency trading desks. Competition is based on a variety of factors including price, service, technology features and functionality and product performance. Limited information is publicly disseminated regarding these factors, and accordingly, a precise comparison of relative competitive position is difficult.

Management of GLN believes that the following competitive strengths differentiate GLN from its competitors:

- *Proprietary Algorithm.* GLN Programmatic Marketing Platform is powered by a machine learning algorithm which enables the purchase of impressions based on continually updated campaign performance.
- *Scalable Solution.* GLN's Programmatic Marketing Platform provides offerings that are potentially extendable across industry verticals and geographies, and, by leveraging the massive amounts of inventory available through real-time advertising exchanges, AcuityAds can provide such offerings on a very large scale.
- *Consumer Data.* GLN can target over 500 million consumer profiles with proprietary data, which means its customers' campaigns are exposed to a unique classified group of consumers.
- *Reach.* GLN sees billions of impressions per day across premium exchanges including Doubleclick (Google), Appnexus, Rubicon, Pubmatic, OpenX, Casale and SpotXchange.

- *Cross Platform Optimization.* GLN's Programmatic Marketing Platform reaches across display, video, mobile and social platforms to reach consumers wherever they are in real-time.

### ***Economic Dependence***

See "Risk Factors – Business Risks – Reliance on Key Customers" and "Risk Factors – Business Risks – Reliance on Third Parties."

### ***Employees***

As at the date of this Joint Supplement, GLN had seven full-time consultants and no full-time employees.

### ***Foreign Operations***

GLN does not currently operate in any country other than the United States and Canada.

### ***Dividends***

GLN has not paid dividends in the past and does not anticipate paying dividends in the near future. GLN is not in any way restricted from paying dividends.

### ***Dividend Policy***

GLN's current intention is to retain earnings to fund the development and growth of its business, and, when appropriate, retire debt. Therefore, GLN does not anticipate declaring or paying any cash dividends should be paid in the future based on all relevant circumstances, including the desirability of financing further growth of GLN and GLN's financial position at the relevant time.

### ***Selected Financial Information***

GLN has a financial year end of December 31. The following table sets out selected financial information from the audited annual consolidated financial statements of GLN for the periods ended December 31, 2015, 2014 and 2013, as attached as Appendix "B" to this Joint Supplement (the "**GLN Annual Financial Statements**"). This information is derived from and is subject to the detailed information contained in the GLN Annual Financial Statements.

The GLN Annual Financial Statements were prepared in accordance with IFRS. The following should be read in conjunction with those consolidated financial statements and the related notes thereto.

### ***Summary of Annual Financial Information***

<i>In Canadian dollars</i>	<b>December 31, 2015 (Audited)</b>	<b>December 31, 2014 (Audited)</b>	<b>December 31, 2013 (Audited)</b>
Revenues	\$199,606	\$608,274	\$205,157
Expenses	2,107,713	2,728,114	2,187,743
Net loss	2,781,620	2,119,840	1,982,586
Current Assets	328,435	218,387	522,052
Total Assets	347,198	597,859	564,541
Current Liabilities	2,218,277	516,930	54,000
Long Term Liabilities	111,968	235,243	228,254
Working Capital (Deficiency)	(1,889,842)	(298,543)	468,052
Shareholders' Equity (Deficiency)	(1,983,047)	(154,314)	282,287
Number of Shares Outstanding	75,549,888	54,989,258	42,241,258



**Summary of Quarterly Results**

Quarterly data is not available as GLN is not a reporting issuer and is not required to prepare quarterly financial statements.

**Results for the nine months ended September 30, 2016 and 2015**

The following table summarizes various results for the nine months ended September 30, 2016 and 2015:

	<i>September 30, 2016</i>	<i>September 30, 2015</i>
Total revenue	1,838,774	175,690
Cost of goods sold	1,383,506	9,311
Selling, general and administration	2,446,811	1,480,055
Net loss	(1,998,502)	(1,309,453)
Loss per share		
Basic and diluted	(0.03)	(0.02)

**Management's Discussion and Analysis**

The following management's discussion and analysis of GLN's financial condition and results of operations for the years ended December 31, 2015, 2014 and 2013 should be read in conjunction with the GLN Annual Financial Statements attached hereto as Appendix "B".

**Results of Operations**

<i>In Canadian dollars</i>	<i>December 31, 2015 (Audited)</i>	<i>December 31, 2014 (Audited)</i>	<i>December 31, 2013 (Audited)</i>
Operating expenses	\$2,107,713	2,728,114	2,187,743
Other expense	873,513	-	-
Net loss	2,781,620	2,119,840	1,982,586
Basic and diluted loss per share	0.05	0.04	0.05
Total Assets	347,198	597,859	564,541

**Year ended December 31, 2015 compared to the year ended December 31, 2014**

Increase in expenditures in the year was primarily due to increase in professional and management fees due to additional work on the Acquisition.

**Liquidity and Capital Resources**

As at September 30, 2016, GLN had cash of \$78,488 (December 31, 2015 - \$145,037) and working capital deficit of \$2,970,011 (December 31, 2015 - \$1,889,842). On September 20, 2016, the Company issued 5,629,000 common shares for gross proceeds of \$294,200 by way of private placement. During the period ended September 30, 2016, GLN issued a total of 3,875,000 common shares at a fair value of \$193,750 for consulting services provided to the Company. GLN issued 10,800,000 common shares to settle \$540,000 debts during the period ended September 30, 2016.

As at December 31, 2015, GLN had cash of \$145,037 (December 31, 2014 - \$22,838) and working capital deficit of \$1,889,842 (December 31, 2014 - \$298,543). On October 19, 2015, GLN issued 2,100,000 common shares (valued at \$105,000) to acquire the assets of Good Life Communications Inc. GLN issued 13,894,000 common shares for



total proceeds of \$1,027,250, of which \$305,000 was received during the year ended December 31, 2014 and the remaining proceeds were received during the year ended December 31, 2015. GLN incurred share issue costs of \$46,958 related to the private placements. Share subscriptions of \$100,000 for 800,000 common shares received during the year ended December 31, 2014 were cancelled and no shares were issued. The amount of \$100,000 is included in accounts payable as at December 31, 2015. Effective October 22, 2015, GLN issued 2,500,000 common shares of GLN at a fair value of \$125,000 for consulting services rendered. Effective October 19, 2015, GLN issued 2,066,630 common shares on the conversion of two convertible debentures with principal of \$70,000 and accrued interest of \$30,549. GLN received share subscriptions of \$20,833 for common shares at a price of \$0.125 per share. These common shares were issued on September 20, 2016.

**Off-Balance Sheet Arrangements**

GLN does not have any off-balance sheet arrangements.

**Related Party Transactions**

Key management personnel are persons responsible for planning, directing and controlling the activities of GLN, and include directors and officers.

*Key management compensation comprises*

	2015	2014	2013
Short-term cash compensation	\$ 418,050	\$ 360,356	\$ 347,237

Short-term cash compensation consisted of \$240,000 (2014 - \$253,500, and 2013 - \$264,057) in management fees charged by a company controlled by the CEO, \$100,000 (2014 - \$71,856, and 2013 - \$76,680) in consulting fees, \$36,000 (2014 - \$35,000, and 2013 - \$6,500) in accounting fees charged by a company controlled by the CFO, \$5,600 (2014 - \$nil, and 2013 - \$nil) in commissions and \$36,450 (2014 - \$nil, and 2013 - \$nil) in share issue costs.

During the year ended December 31, 2015, production and broadcasting costs of \$225,000 (2014 - \$323,810, and 2013 - \$98,003) and consulting fee of \$nil (2014 - \$nil, and 2013 - \$17,857) were paid to Good Life Communications Inc., a company related through a common director. As at December 31, 2015, GLN has amounts due from this related party of \$nil (2014 - \$50,000, and 2013 - \$50,000) and these amounts represent non-interest-bearing loans, which are uncollateralized and repayable on demand. On October 19, 2015, GLN issued 2,100,000 common shares with an estimated fair value of \$105,000 in order to acquire the assets of Good Life Communications Inc.

During the year ended December 31, 2015, \$168,250 (2014 - \$256,786, and 2013 - \$167,576) of short-term compensation included in wages and salaries were paid to close family members of the CEO.

At December 31, 2015, included in accounts payable and accrued liabilities was \$187,289 (2014 - \$nil, and 2013 - \$nil) owing to officers and a director for management, consulting and accounting fees and \$46,025 (2014 - \$305) owing to close family members of the CEO for wages and salaries.

## Financial Instruments

### a) Financial instruments

<i>In Canadian dollars</i>	<i>December 31, 2015 Audited</i>	<i>December 31, 2014 Audited</i>	<i>December 31, 2013 Audited</i>
Financial assets			
Loans and receivables			
Cash and cash equivalents	195,037	22,838	160,277
Receivables	30,841	45,334	100,000
	<b>225,878</b>	<b>68,172</b>	<b>260,277</b>
Financial liabilities			
Other financial liabilities			
Accounts payable and accrued liabilities	1,199,406	433,420	30,082
Interest payable	105,151	83,510	23,918
Promissory notes	913,720	-	-
Convertible debentures	111,968	235,243	228,254
	<b>2,330,245</b>	<b>752,183</b>	<b>282,254</b>

### b) Management of capital risk

GLN considers its capital to be comprised of shareholders' deficiency, convertible debentures and promissory notes.

GLN's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the GLN's capital requirements, GLN has a planning and budgeting process in place to meet its strategic goals.

There are no externally imposed capital requirements. GLN manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, GLN may attempt to issue new shares or debt. GLN will need to issue new shares or debt to satisfy its current liabilities and to fund future operating activities.

### c) Management of financial risk

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. GLN classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; accounts receivable and due from related parties are classified as loans and receivables; investments are classified as financial assets at FVTPL; and promissory notes, interest payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

GLN has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The risk exposures and the impact on GLN's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and GLN's concentration of credit risk for cash and maximum exposure thereto is \$195,037 (2014 - \$22,838).

With respect to its accounts receivable, GLN assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. GLN's credit risk with respect to accounts receivable and maximum exposure thereto is \$30,841 (2014 - \$45,334).

(b) Liquidity risk

Liquidity risk is the risk that GLN will be unable to meet its financial obligations as they fall due. GLN's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to GLN's reputation. At December 31, 2015, GLN has \$145,037 (2014 - \$22,838) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$1,199,406 (2014 - \$433,420) and interest payable of \$105,151 (2014 - \$83,510) are due within three months. Promissory notes of \$913,720 (2014 - \$nil) are due within twelve months. Convertible debentures in the principal amount of \$120,000 (2014 - \$260,000) are due June 27, 2018.

GLN manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

GLN is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities. In addition, GLN's promissory notes and convertible debentures carry interest rates that approximate market rates of interest.

(ii) Foreign currency risk

GLN is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. GLN is not exposed to other price risk.

## Trends

GLN has and may continue to have capital requirements in excess of its currently available resources. In the event GLN's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected

cash flow, if any, prove to be insufficient to fund operations, GLN may be required to seek additional financing. There can be no assurance that GLN will find sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to GLN in the future. Please see also "Information Concerning GLN – Risk Factors" below.

### Consolidated Capitalization

The following table sets forth the consolidated capitalization of GLN:

<i>Designation of Security</i>	<i>Amount Authorized</i>	<i>Amount outstanding as at September 30, 2016</i>	<i>Amount outstanding as of a specific date within 30 days of the Joint Supplement prior to giving effect to the Qualifying Transaction</i>
GLN Shares	Unlimited	95,853,888 shares	100,187,221 shares
Convertible Debentures – equity component		\$16,136	\$16,136

**Notes:**

- (1) There are no GLN Shares subject to option and no options to be granted pursuant to a GLN stock option plan.
- (2) GLN's deficit as at September 30, 2016 was \$10,034,323.

### Description of Capital Structure

#### **GLN Shares**

GLN Shareholders are entitled to receive notice of and to attend and vote at all meetings of the GLN Shareholders and each of the GLN Shares confers the right to one vote in person or by proxy at all meeting of GLN Shareholders. GLN Shareholders are entitled to receive such dividends in any financial year as the Directors and GLN Shareholders may by resolution determine. The capital and assets of GLN on a winding-up or other return of capital shall be applied in repaying to GLN Shareholders the amounts paid up or credited as paid up on their GLN Shares and subject thereto shall belong to and be distributed accordingly to the number of such GLN Shares held by them respectively. There are no pre-emptive rights, no conversion rights or rights of redemption provisions applicable to the GLN Shares. There are no conversion rights applicable to the GLN Shares.

#### **GLN Warrants**

As of the date hereof, there are 1,249,200 GLN Broker Warrants outstanding, 1,250,000 special warrants that are automatically convertible into Resulting Issuer Warrants or GLN Warrants, as applicable, pursuant to their terms (the "GLN Special Warrants") outstanding and 200,000 GLN Warrants outstanding. The GLN Broker Warrants were issued between December 18, 2013 and October 31, 2014 and are exercisable for GLN Shares at a price of \$0.125 per GLN Share for a period of 36 months from the date that GLN Shares are listed on a stock exchange in Canada. The GLN Special Warrants were issued as consideration to the lenders pursuant to a loan agreement for the principal amount of \$750,000 dated December 21, 2015, as amended (the "Loan Agreement"), which loan becomes due on July 31, 2017.

The GLN Special Warrants automatically convert as follows: (i) if the Acquisition is completed, each GLN Special Warrant will automatically convert, without further consideration, into one warrant of the Resulting Issuer (each, a "Resulting Issuer Warrant"), exercisable at any time up to 5:00 p.m. (Vancouver time) on December 21, 2020 (the "Expiry Time"), with an exercise price to be the lesser of: (i) the share price utilized in completing the Acquisition discounted by 25% per Resulting Issuer Share, or (ii) the share price utilized for the Concurrent Financing, discounted by 25% per Resulting Issuer Share, subject to any minimum pricing restrictions pursuant to the rules of the Exchange; or (ii) if the Acquisition is not completed within the term of the Loan Agreement, then the GLN Special Warrants will automatically convert, without further consideration, into the number of GLN Warrants of that is ten times the number of GLN Special Warrants outstanding, exercisable into GLN Shares until the Expiry Time, at an exercise price of \$0.025 per GLN Share.

If the GLN Special Warrants are converted into Resulting Issuer Warrants and the Concurrent Financing is completed of no less than four million dollars (\$4,000,000) which results in the aggregate number of underlying Resulting Issuer Shares pursuant to which all of the Resulting Issuer Warrants issued to the lenders under the Loan Agreement would be able to acquire falling below two percent (2%) of the post-Acquisition outstanding Resulting Issuer Shares on a fully diluted basis, then the Resulting Issuer Warrants issued to the lenders shall be increased to equal each lender's pro rata portion of the Resulting Issuer Warrants that, in the aggregate, equal two percent (2%) of the outstanding Resulting Issuer Shares on a fully diluted basis.

### Prior Sales

No GLN Shares or securities convertible into GLN were issued in the previous 12 months other than as set out below.

<i>Date of Issue</i>	<i>Type of Securities</i>	<i>Reason for Issue</i>	<i>No. of Securities</i>	<i>Issue or Exercise Price per Security</i>
March 1, 2016	Common Shares	Shares for consulting services	3,000,000	CAD\$0.05
April 10, 2016	Common Shares	Shares for consulting services	875,000	CAD\$0.05
September 20, 2016	Common Shares	Private Placement	5,459,000	CAD\$0.05
September 20, 2016	Common Shares	Private Placement	170,000	CAD\$0.125
September 20, 2016	Common Shares	Shares for debt	10,800,000	CAD\$0.05
October 5, 2016	Common Shares	Shares for consulting services	1,333,333	CAD\$0.05
October 31, 2016	Common Shares	Shares for debt	3,000,000	CAD\$0.05
December 21, 2016	Special Warrants <sup>(1)</sup>	In connection with loan extension	447,500	Issued as consideration for extension of Loan Agreement
April 25, 2017	Convertible Notes <sup>(2)</sup>	Private Placement	15,115,053	CAD\$0.0475
April 27, 2017	Convertible Notes <sup>(2)</sup>	Private Placement	1,708,947	CAD\$0.0475

Notes:

- (1) The GLN Special Warrants were issued as consideration to the lenders pursuant to a loan agreement for the principal amount of \$750,000 dated December 21, 2015, as amended March 30, 2016 and December 21, 2016 (the "**Loan Agreement**"), which loan becomes due on April 30, 2017. There are currently a total of 1,250,000 Special Warrants outstanding. See "*Information Concerning GLN - Description of Capital Structure – GLN Warrants*".
- (2) On April 25, 2017 and April 27, 2017, GLN issued, pursuant to the Bridge Financing, \$799,140 aggregate principal amount of unsecured convertible notes ("**Convertible Notes**") convertible into 16,824,000 Units at a conversion price equal to CAD\$0.0475 per Unit.
- (3) See "*Information Concerning GLN - History*".

### Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

To the knowledge of GLN, as of the date hereof, no securities of GLN are held in escrow or are subject to contractual restrictions on transfer.

### Principal Securityholders

As of the date hereof, 100,187,221 GLN Shares are issued and outstanding. Each GLN Share entitles the holder thereof to one vote on all matters to be acted upon at a meeting of GLN Shareholders. Other than as disclosed in the table below, to the knowledge of the GLN Directors and executive officers of GLN, as of the date hereof, no

person or company beneficially owns, controls or directs, directly or indirectly, voting securities of GLN carrying 10% or more of the voting rights attached to all outstanding GLN Shares:

<i>Name of Principal Shareholder</i>	<i>Number of class of securities owned<sup>(1)</sup></i>	<i>Percentage of Class</i>
Michael Woodman	14,300,001	14.27%

Notes:

(1) The securities owned are owned directly by the specified shareholder unless otherwise specified.

### Executive Compensation

GLN's executive compensation disclosure (presented in accordance with Form 51-102F6) sets forth all annual and long term compensation for services, in all capacities, to GLN in respect of the CEO, the CFO and each of GLN's other three most highly paid executive officers for the financial years ended December 31, 2015 and 2014, and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year.

<i>Name and Principal Position</i>	<i>Period Ended</i>	<i>Salary (\$)</i>	<i>Share-based awards (\$)</i>	<i>Option-based awards (\$)</i>	<i>Non-equity incentive plan compensation</i>		<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total compensation (\$)</i>
					<i>Annual incentive plans (\$)</i>	<i>Long term incentive plans (\$)</i>			
Michael Woodman <sup>(1)</sup> , President, CEO and Director	December 31, 2015	-	-	-	-	-	-	240,000 <sup>(4)</sup> 225,000 <sup>(6)</sup>	465,000
	December 31, 2014	-	-	-	-	-	-	253,500 <sup>(4)</sup> 323,810 <sup>(6)</sup>	577,310
Cliff Dumas <sup>(2)</sup> , Corporate Secretary and VP Operations	December 31, 2015	-	-	-	-	-	-	142,050 <sup>(5)</sup>	142,050
	December 31, 2014	-	-	-	-	-	-	71,856 <sup>(5)</sup>	71,856
Thad Scott <sup>(3)</sup> , CFO	December 31, 2015	-	-	-	-	-	-	-	-
	December 31, 2014	-	-	-	-	-	-	-	-

Notes:

- (1) Mr. Woodman was appointed as Director, President and CEO on August 17, 2011.
- (2) Mr. Dumas was appointed as Corporate Secretary and VP Operations on January 1, 2015.
- (3) Mr. Scott was appointed as Chief Financial Officer on August 1, 2016. On February 1, 2017, Konstantin Lichtenwald replaced Mr. Scott as CFO.
- (4) Other compensation comprises management fees charged by a company controlled by Mr. Woodman.
- (5) Other compensation comprises commission fees and share issue costs charged by Mr. Dumas.
- (6) Other compensation comprises production and broadcasting costs charged by a company controlled by Mr. Woodman.

### Compensation Discussion and Analysis

The objective of GLN's compensation program is to attract, hold and inspire performance by members of senior management of a quality and nature that will enhance the growth of GLN.

The board of directors has the responsibility to administer compensation policies related to the executive management, being the CEO. To determine any future compensation payable, the GLN Board will review compensation paid to Named Executive Officers and senior executives of other companies of a similar size and stage of development in the programmatic advertising industry and determine an appropriate compensation, while taking into account the financial and other resources of the company.

GLN's executive compensation program may, in the future, be comprised of an annual base salary, annual bonus and/or incentive stock options. Non-equity bonuses are intended to promote strong corporate management by providing annual financial incentives to meet or exceed short-term corporate targets and goals. Bonuses are generally comprised of an annual cash bonus to a Named Executive Officer and such bonus is a variable component of executive compensation based both on individual performance as well as corporate performance. Bonuses may be paid annually, but are not guaranteed.

GLN has not paid any bonuses to date. GLN has also not adopted an incentive stock option plan, and as such, has not granted any incentive stock options.

### ***Risk Considerations***

The GLN Board considers the implications of the risk associated with GLN's compensation policies and practices when determining rewards for its officers and directors. The GLN Board intends to review at least once annually the risks, if any, associated with GLN's compensation policies and practices at such time.

Executive compensation is comprised of both short-term compensation in the form of a base salary and an incentive cash bonus plan, and long-term ownership through the grant of stock options. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. To date, GLN has not put into place an incentive stock option plan.

Due to the relatively small size of GLN and its current management group, the GLN Board is able to closely monitor and consider any risks which may be associated with GLN's compensation policies and practices. Risks, if any, may be identified and mitigated through regular board meetings during which financial and other information of GLN is reviewed. No risks have been identified arising from GLN's compensation policies and practices that are reasonably likely to have a material adverse effect on GLN.

### ***Compensation Governance***

GLN does not have a compensation committee. All tasks related to developing and monitoring GLN's approach to executive compensation are performed by the GLN Board. The GLN Board has not adopted any formal policies and practices to determine the compensation of GLN's directors and executive officers. GLN relies solely on discussion between its management and its directors, without any formal objectives, criteria or analysis, other than those set forth in this Compensation Discussion and Analysis for determining such compensation. The determination of compensation is made based on each board member's personal experience and knowledge of compensation practices in the industry and more generally, to executives and directors in similar positions. The GLN Board does not retain professional executive compensation consultants.

### ***Summary Compensation Table***

The following table (presented in accordance with Form 51-102F6) sets forth all annual and long term compensation for services in all capacities to GLN for the financial years ended December 31, 2015 and December 31, 2014 in respect of each of the individuals comprised of the Named Executive Officers, as at December 31, 2015 whose total compensation was, individually, more than \$150,000 for the financial year:

**Summary Compensation Table**

Name and Principal Position	Period Ended	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
Michael Woodman <sup>(1)</sup> , President, CEO and Director	December 31, 2015	-	-	-	-	-	-	240,000 <sup>(4)</sup> 225,000 <sup>(6)</sup>	465,000
	December 31, 2014	-	-	-	-	-	-	253,500 <sup>(4)</sup> 323,810 <sup>(6)</sup>	577,310
Cliff Dumas <sup>(2)</sup> , Corporate Secretary and VP Operations	December 31, 2015	-	-	-	-	-	-	142,050 <sup>(5)</sup>	142,050
	December 31, 2014	-	-	-	-	-	-	71,856 <sup>(5)</sup>	71,856
Thad Scott <sup>(3)</sup> , CFO	December 31, 2015	-	-	-	-	-	-	-	-
	December 31, 2014	-	-	-	-	-	-	-	-

Notes:

- (1) Mr. Woodman was appointed as Director, President and CEO on August 17, 2011.
- (2) Mr. Dumas was appointed as Corporate Secretary and VP Operations on January 1, 2015.
- (3) Mr. Scott was appointed as Chief Financial Officer on August 1, 2016. On February 1, 2017, Konstantin Lichtenwald replaced Mr. Scott as CFO.
- (4) Other compensation comprises management fees charged by a company controlled by Mr. Woodman.
- (5) Other compensation comprises commission fees and share issue costs charged by Mr. Dumas.
- (6) Other compensation comprises production and broadcasting costs charged by a company controlled by Mr. Woodman.

**Incentive Plan Awards**

GLN does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or conditions within a specified period is awarded, earned, paid or payable to a named executive officer.

**Pension Plan Benefits**

GLN does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

GLN does not have any contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of GLN or a change in an NEO's responsibilities.



**Compensation to Directors**

No directors who were not Named Executive Officers of GLN were paid any compensation during the financial year ended December 31, 2015.

**Management Contracts**

Except as set out herein, no management functions of GLN are performed to any substantial degree by a person other than the directors or officers of GLN.

**Directors and Executive Officers**

The following table sets forth the names and municipalities of residence of those individuals who are GLN Directors and executive officers of GLN as at the date hereof, their current positions or offices with GLN, the date when they first became a GLN Director and/or officer of GLN, the number of GLN Shares beneficially owned, directly or indirectly, or under their direction or control and their principal occupations during the past five years, which is in each instance based on information furnished by the person concerned, as of the date hereof.

<i>Name and Municipality of Residence</i>	<i>Officer or Position Held</i>	<i>Director/ Officer Since</i>	<i>Principal Occupation During the Past Five Years</i>	<i>Number and Percentage of GLN Shares Held</i>
Michael Woodman  Whistler, British Columbia	Director, President & CEO	August 17, 2011	Director, President and CEO of GLN	14,300,001  (14.27%)
Cliff Dumas  Vancouver, British Columbia	VP Operations	January 1, 2015	VP Operations of GLN	3,000,000  (2.99%)
Konstantin Lichtenwald  Vancouver, British Columbia	CFO	February 1, 2017	Accountant	Nil
Cornel Fota  Vancouver, British Columbia	CTO	September 15, 2011	Principal Consultant of Gata Consulting Inc.; Consulting Manager at Alma Consulting Inc. from November 2011 to January 2016	Nil

As of the date hereof, the directors and executive officers of GLN, as a group, beneficially own, directly or indirectly, or exercise control or direction over 17,300,001 GLN Shares, representing approximately 17.26% of the issued and outstanding GLN Shares. The statement as to the number of GLN Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the GLN Directors and executive officers of GLN as a group is based upon information furnished by the GLN Directors and executive officers.

**Biographies**

Michael Woodman – President, CEO and Director

Mr. Woodman is a multiple award-winning show host (The Good Life Show) Sirius/CBS, the author of the best-selling book The Good Life with Jesse Dylan and the founder of GLN. Mr. Woodman has been featured in a documentary as one of the top five on-air personalities in the world. He’s been named personality of the year in

Canada and won the prestigious Actra award for the same. He's also won international awards including Gold at the International Festival of Radio in NYC. Mr. Woodman is a leading producer of transformational entertainment. His success is built on over 40 years of broadcast experience combined with the renowned relationships he has forged with the greatest authorities in the world of media, entertainment and technology.

#### Cliff Dumas – VP Operations, Corporate Secretary

Mr. Dumas' significant broadcast career includes being named the winner of a CMA, ACM, and multiple CCMA Awards for Major Market Broadcaster of the Year in the U.S and Canada. Mr. Dumas is a 2013 Mark Award Winner for Excellence in Broadcast Marketing. His television career includes writing, co-producing and voicing close to 30 network shows, 18 Canadian Country Music Awards along with specials for Anne Murray, Terri Clark, Paul Brandt and countless specials for CMT. Cliff's management experience includes being the Co-Founder and President of The Expert Radio Network. ERN partnered with Salem Communication in the U.S to manage and provide content for the Salem broadcast network. He was also was the Co-Founder and President of the online music platform Claim2Fame, responsible for overseeing financial growth, marketing and technology innovation for the platform.

#### Konstantin Lichtenwald – CFO

Mr. Lichtenwald specializes in providing corporate finance, valuation, taxation, financial reporting, consulting and other accounting services to both small businesses as well as public commodity resource companies. Mr. Lichtenwald also assists in many aspects of clients' administration, financing and other activities. Mr. Lichtenwald also worked at Ernst & Young GmbH, Germany, in the assurance department. Mr. Lichtenwald earned his bachelor of business administration degree from Pforzheim University, Germany, and holds the professional designation of Chartered Professional Accountant (CPA, CGA), where he is a member of Chartered Professional Accountants of B.C. and Canada. Mr. Lichtenwald has had extensive experience as a controller and CFO of numerous publicly traded and private corporations in several industries.

#### Cornel Fota – CTO

Mr. Fota is referred to as one of North America's leading technology architects. Mr. Fota is a seasoned technical executive with over ten years' experience in VP and C-Suite level positions. He has considerable experience and a proven track record in building software development organizations from the ground up, and bringing enterprise software products to market.

#### **Conflicts of Interest**

Certain of the GLN Directors and officers of GLN also serve as directors and/or officers of other companies involved in natural resource exploration and development or investment in natural resource companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving GLN will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of GLN and its GLN Shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws. See also "*Information Concerning GLN — Risk Factors — Conflicts of Interest*".

#### **Corporate Cease Trade Orders**

To GLN's knowledge, no GLN Director or executive officer of GLN is, as at the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any company (including GLN) that:

1. was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than

30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or

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

### **Bankruptcies**

To GLN's knowledge, except as disclosed herein, no GLN Director or executive officer of GLN or GLN Shareholder holding a sufficient number of securities of GLN to affect materially the control of GLN:

1. is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including GLN) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets of the Director, executive officer or GLN Shareholder.

On or around September 10, 2010, Michael Woodman filed a consumer credit proposal with Campbell Saunders Ltd. to restructure his affairs. All creditors accepted the proposal and on January 23, 2017, Mr. Woodman received a Certificate of Full Performance.

### **Penalties or Sanctions**

To GLN's knowledge, no GLN Director or executive officer of GLN or GLN Shareholder holding a sufficient number of securities of GLN to affect materially the control of GLN has been subject to:

1. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Non-Arm's Length Transactions**

Except as described above, since its incorporation, GLN has not completed any acquisitions of assets or services or provision of assets or services from (i) any director or officer of GLN, (ii) a principal securityholder of GLN, either before or after giving effect to the Acquisition and the Concurrent Financing, or (iii) an associate or affiliate of any person described in (i) or (ii).

### **Legal Proceedings**

Other than as disclosed herein, there are no legal proceedings to which GLN or properties are or were subject to, since the beginning of the most recently completed financial year ended December 31, 2015 and GLN is not aware

of any such contemplated legal proceedings. GLN has advanced claims against Lerna, LLC ("**Lerna**") and other entities in respect of a series of agreements including an asset purchase agreement dated December 21, 2015 (the "**APA**") entered into between Good Life and Lerna. Lerna has advanced claims against GLN pertaining to a dispute concerning the APA. GLN disputes any present liability to Lerna under the APA. Although management believes it will be successful in these proceedings, an adverse ruling could have a material adverse effect on GLN's future cash flows, results of operations and financial condition. See "*Risk Factors – Litigation risks*".

### **Regulatory Actions**

There are no: (i) penalties or sanctions imposed against GLN by a court relating to provincial, territorial, state or federal securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof; (ii) other penalties or sanctions imposed by a court or regulatory body against GLN that are necessary to be disclosed herein to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and (iii) settlement agreements entered into by GLN before a court relating to provincial or territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

### **Interests of Management and Others in Material Transactions**

Other than the salaries or fees paid in the ordinary course and securities issued or to be issued to GLN Directors and officers of GLN as disclosed herein, none of the GLN Directors or executive officers of GLN, nor any principal GLN Shareholder as discussed herein, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three years prior to the date hereof that has materially affected or is reasonably expected to materially affect GLN.

### **Auditors**

The auditors of GLN are Smythe LLP, Chartered Professional Accountants, located at 7th Floor, 355 Burrard Street, Vancouver, BC V6C 2G8.

### **Material Contracts**

The following material contracts have been entered into by GLN within the two years before the date of this Joint Supplement, or are other contracts that contain provisions under which GLN has an obligation or entitlement which is material to GLN as at the date hereof:

1. the Arrangement Agreement. See "*The Arrangement Agreement*" and Appendix "A"; and
2. Loan agreement dated December 21, 2015, as amended, between GLN, 7032749 Canada Inc. and the group of lenders listed in Schedule "A" thereto. See "*Information Concerning GLN – General Development of the Business – History*".

Copies of the above contracts may be inspected without charge at the offices of GLN until the Meeting and for a period of 30 days thereafter.

### **INFORMATION CONCERNING EXITO**

This section should be read in conjunction with the Exito Annual Financial Statements attached as Appendix "F", the Exito Interim Financial Statements attached as Appendix "G", the Exito Annual MD&A and the Exito Interim MD&A, which are both available on SEDAR at [www.sedar.com](http://www.sedar.com) under Exito's profile, as well as the Resulting Issuer Pro Forma Statements attached as Appendix "K" to this Joint Supplement.

## Corporate Structure

Exito was incorporated under the ABCA on November 11, 2010 as Capitalize Acquisition I Corp. On March 26, 2012, the Exito's name was changed to Exito Energy II Inc.

Exito's head office is located at 1110, 335 - 8th Avenue S.W. Calgary, Alberta T2P 1C9. Exito's registered, and records office is located 1600, 421 - 7<sup>th</sup> Avenue S.W. Calgary, Alberta T2P 4K9.

Exito has no subsidiaries.

## General Development of the Business

### *History*

Exito is a CPC and to date has not carried on any operations. The sole business of Exito since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation, subject to any approvals as required under applicable corporate and securities laws and subject to acceptance by the TSXV, so as to complete a Qualifying Transaction. Until the completion of the Acquisition, Exito will not have a business, business operations or any material assets other than cash.

On January 16, 2013, Exito completed a private placement of 5,000,000 Exito Shares at a price of \$0.05 per share (the "**Seed Shares**") for gross proceeds of \$250,000.

On March 28, 2013, Exito received a final receipt for a prospectus filed with the Alberta Securities Commission and the British Columbia Securities Commission to complete its IPO through the issuance of IPO Shares. Upon issuance of the final receipt Exito became a reporting issuer pursuant to applicable securities legislation in the provinces of Alberta and British Columbia.

On May 7, 2013, Exito completed its IPO and issued the IPO Shares. Pursuant to an Agency Agreement between Exito and the Agent, Exito paid the Agent a commission of 10% of the gross proceeds of the IPO and a corporate finance administration fee of \$12,500 (plus GST). The Agent was also granted a non-transferable option to purchase 500,000 Exito Shares at a price of \$0.10 per Exito Share for a period of 24 months from the date that the IPO closed (the "**Exito Agent's Options**"). Although the Exito Agent's Options expired during the three months ended June 30, 2015, subsequent to the end of the period, Exito received approval from the TSXV to re-issue the Exito Agent's Options with a revised term such that the Exito Agent's Options will expire on the earlier of: (a) delisting of Exito's shares; (b) transfer to the NEX board of the TSXV upon failing to complete a Qualifying Transaction within the time frame prescribed by the Exchange; or (c) issuance of the Final Exchange Bulletin for acceptance of a Qualifying Transaction. Exito also paid for the Agent's legal fees incurred with respect to the IPO, which amount totalled \$12,894 (including disbursements and GST).

On May 7, 2013, the Exito Shares were listed on the TSXV under the symbol "EXI.P" but halted. On May 8, 2013, the Exito Shares commenced trading on the TSXV under the symbol "EXI.P". Net proceeds to Exito from issuance of the Seed Shares and the IPO Shares, after payment of all associated costs and fees, was approximately \$630,000. In addition, upon closing of the IPO, pursuant to the CPC Escrow Agreement, 5,000,000 Escrowed Exito Shares were placed in escrow and will remain in escrow until Exito completes a Qualifying Transaction.

On May 13, 2013, the Exito Directors and officers were granted options that entitle them to purchase 1,000,000 Exito Shares at a price of \$0.10 per Exito Share for a period of 5 years from the date that the IPO closed.

Exito entered into a letter of intent with Millennium Stimulation Services Ltd. dated November 13, 2014, pursuant to which Exito intended to acquire all of the issued and outstanding Exito Shares of Millennium Stimulation

Services Ltd., to be effected by way of an amalgamation pursuant to the ABCA. This agreement expired on April 13, 2016.

In May 2015, Exito's shares were suspended from trading on the TSXV.

On February 16, 2016, Exito's deadline for completing a Qualifying Transaction was extended by the TSXV until May 13, 2016. The TSXV continues to provide Exito with time to complete a Qualifying Transaction.

On March 29, 2016, Exito entered a non-binding term sheet with MagneticNorth Partners, Inc. The term sheet contemplated the acquisition of all of the issued and outstanding Exito Shares of MagneticNorth Partners, Inc. by Exito as well as various changes to Exito's management team and Board of Directors. On June 3, 2016, Exito signed a non-binding letter of intent with the principals of MagneticNorth Partners, Inc., namely Andrew Osis and Kevin Spall (the "Vendors"), to acquire all of the Vendors' interests in various private equity investments, to have the Vendors become the management of Exito and to change Exito's name to MagneticNorth Partners Corp. The transaction contemplated by the letter of intent was subject to numerous conditions, including but not limited to: (i) a definitive agreement being entered between Exito and the Vendors; (ii) approval of Exito's shareholders; and (iii) approval of the TSXV. A definitive agreement was never entered into between Exito and the Vendors.

On October 19, 2016, 2,000,000 escrowed Seed Shares held by non-arm's length parties were cancelled as a result of Exito's failure to complete a Qualifying Transaction within the time period prescribed by the TSXV. Exito remains listed on Tier 2 of the TSXV in order to complete the Qualifying Transaction with GLN. The Exito Shares have been suspended from trading and will remain suspended until the Acquisition is completed or the TSXV otherwise determines that the Exito Shares may re-commence trading.

**Selected Financial Information and Management's Discussion and Analysis Management's Discussion and Analysis**

Since incorporation Exito has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV. The following table sets forth selected historical financial information for the Corporation for year ended December 31, 2014, for the year ended December 31, 2015 and nine month period ended September 30, 2016. Such information is derived from the Exito Annual Financial Statements and Exito Interim Financial Statements, and should be read in conjunction with such financial statements.

	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2015</i>	<i>Nine Months Ended September 30, 2016</i>
Total Expenses	\$66,798	\$58,715	\$57,155
Deferred Expenditures in connection with a Qualifying Transaction	\$nil	\$nil	\$nil

For the year ended December 31, 2014, Exito spent \$66,798 on general and administration expenses and costs of investigation and evaluation of potential qualifying transactions.

For the year ended December 31, 2015, Exito spent \$44,313 on general and administration expenses and costs of investigation and evaluation of potential qualifying transactions.

For the nine months ended September 30, 2016, Exito spent \$57,155 on general and administration expenses and costs of investigation and evaluation of potential qualifying transactions.

In the event the Acquisition does not proceed, Exito estimates it will have approximately \$273,440 in working capital remaining, which will allow Exito to pursue another Qualifying Transaction while it still has adequate cash resources.

A copy of the Exito Annual MD&A is included in Appendix "H" to this Joint Supplement and the Exito Interim MD&A is included in Appendix "I" to this Joint Supplement.

## **Description of Capital Structure**

### ***Exito Shares***

As of the date hereof, there are 8,000,000 Exito Shares issued and outstanding. Exito Shareholders are entitled to receive notice of and to attend and vote at all meetings of the Exito Shareholders and each of the Exito Shares confers the right to one vote in person or by proxy at all meeting of Exito Shareholders. Exito Shareholders are entitled to receive such dividends in any financial year as the Directors and Exito Shareholders may by resolution determine. The capital and assets of Exito on a winding-up or other return of capital shall be applied in repaying to Exito Shareholders the amounts paid up or credited as paid up on their Exito Shares and subject thereto shall belong to and be distributed accordingly to the number of such Exito Shares held by them respectively. There are no pre-emptive rights, no conversion rights or rights of redemption provisions applicable to the Exito Shares. There are no conversion rights applicable to the Exito Shares. Upon completion of the Exito Continuance, Exito will be subject to the provisions of the BCBCA and its share capital will be as described in "*Information Concerning the Resulting Issuer After the Acquisition – Capital Structure*".

### ***Exito Options***

As of the date hereof, there are 1,000,000 Exito Options outstanding. The outstanding Exito Options were issued on May 13, 2013, vested upon issuance, expire five years from the issuance date and are options exercisable at \$0.10 per Exito Share.

## **Summary of Exito Stock Option Plan**

The Exito Stock Option Plan, approved by the Exito Board on March 28, 2013, is a "rolling plan". The Exito Stock Option Plan is intended to provide the Exito Board with the ability to issue options to provide the employees, officers, directors and consultants of Exito with long term equity based performance incentives which are a key component of Exito's compensation strategy. Exito believes it is important to align the interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The aggregate number of Exito Shares issuable upon the exercise of all options granted under the Exito Stock Option Plan cannot exceed 10% of the issued and outstanding Exito Shares in any 12 month period. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant.

Options will be exercisable over periods of up to five years as determined by the Exito Board and are required to have an exercise price no less than the closing market price of Exito's shares prevailing on the trading day immediately preceding the date that the option grant is announced or, if not announced, the grant date, less a discount of up to 25%, the amount of the amount of the discount varying with market price in accordance with the policies of the TSXV.

The Exito Stock Option Plan contains no vesting requirements, but permits the board of directors to specify a vesting schedule in its discretion. The Exito Stock Option Plan also provides that if a change of control, as defined



therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Pursuant to the provisions of the Exito Stock Option Plan, if an individual ceases to be an "Eligible Person" (as defined in the Exito Stock Option Plan), due to death or disability, then vested options held by such optionee are exercisable to acquire shares of Exito at any up to the earlier of 365 days after the date of such death or disability or the expiry date of such options. If an optionee ceases to be an Eligible Person as a result of termination for cause any outstanding options held by such optionee will be cancelled as of the date of such termination for cause. The term, "termination for cause", has the meaning ordinarily applied to such term by the courts of the jurisdiction where the optionee is employed or engaged. On early retirement, voluntary resignation or termination other than for cause, an optionee may exercise vested options to acquire shares of Exito up until the expiry date of such options or a date which is 90 days after the optionee ceased to be an Eligible Person. Under the terms of the Exito Stock Option Plan, any option that has not become vested at a time relevant to the provisions described above shall not become vested or exercisable and will be cancelled.

### Agents Options

On May 7, 2013, Exito issued 500,000 options to purchase an aggregate of 500,000 Exito Shares as compensation to the Agents in conjunction with its IPO (the "**Exito Agent's Options**"). As of July 14, 2015, the TSXV consented to the extension of the expiry date of the Exito Agent's Options; however, since the previous option had expired, Exito issued 500,000 new options exercisable at \$0.10 per Exito Share with the original terms, other than the expiry date. The expiry date of the outstanding Exito Agent's Options is the earlier of: (a) delisting of Exito's shares; (b) transfer to the NEX board of the TSXV upon failing to complete a Qualifying Transaction within the time frame prescribed by the Exchange; or (c) issuance of the Final Exchange Bulletin for acceptance of a Qualifying Transaction.

### Prior Sales

No Exito Shares or securities convertible into Exito Shares were issued in the previous 12 months.

### Trading Price and Volume

The outstanding Exito Shares currently trade and are quoted on the TSXV under the symbol "EXI.P". The following table sets out the high and low trading prices, as well as the trading volume for the Exito Shares on the TSXV for the 12 month period indicated. Exito Shares have been halted from trading pending completion of its Qualifying Transaction since May 2015.

#### MONTHLY PRICE RANGE

	<i>High (CAD\$)</i>	<i>Low (CAD\$)</i>	<i>Volume</i>
March 2017	N/A	N/A	N/A
February 2017	N/A	N/A	N/A
January 2017	N/A	N/A	N/A
December 2016	N/A	N/A	N/A
November 2016	N/A	N/A	N/A
Third Quarter 2016	N/A	N/A	N/A
Second Quarter 2016	N/A	N/A	N/A
First Quarter 2016	N/A	N/A	N/A
Fourth Quarter 2015	N/A	N/A	N/A
Third Quarter 2015	N/A	N/A	N/A
Second Quarter 2015	N/A	N/A	N/A
First Quarter 2015	N/A	N/A	N/A



## Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

On January 16, 2013, Exito issued 5,000,000 Exito Shares to third parties and Directors of Exito at a price of \$0.05 per share for gross proceeds of \$250,000. Upon closing of the Exito IPO these Exito Shares were deposited into escrow, pursuant to the CPC Escrow Agreement, which the Escrowed Exito Shares are to be released from escrow over a period of up to three years from the date that Exito completes a Qualifying Transaction. If the issuer resulting from the completion of a Qualifying Transaction meets the Exchange's Tier 1 initial listing requirements, then the period for which these Escrowed Exito Shares will be escrowed will be shortened to 18 months from the date of closing of the qualifying transaction. Pursuant to the terms of the CPC Escrow Agreement, if Exito fails to complete a Qualifying Transaction within 24 months of the closing of the IPO, then all escrowed shares held by non-arm's length parties may be cancelled or discounted to create an average purchase price for these escrowed shares equal to the IPO subscription price per share. In accordance with the CPC Escrow Agreement and sections 11.2(ii) and 14.13 of the CPC policy, 2,000,000 of these Escrowed Exito Shares were cancelled due to Exito's failure to complete a Qualifying Transaction within 24 months of closing the IPO; the remaining 3,000,000 Escrowed Exito Shares continue to be subject to the CPC Escrow Agreement.

## Executive Compensation

### Compensation Discussion and Analysis

As of the date hereof, Exito has not yet completed a Qualifying Transaction pursuant to the CPC Policy. Accordingly, except as described in the Summary Compensation Table below, the executive officers of Exito, were not paid any compensation during the financial year ended December 31, 2015, as the CPC Policy prohibits directors and officers from receiving remuneration while Exito is a CPC.

### Summary Compensation Table

The following table sets forth, for the year ended December 31, 2015, information concerning the compensation paid to Exito's NEOs, at the end of the year ended December 31, 2015.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Bradley Docherty, President, CEO and Director	2015	Nil	Nil	Nil	Nil	Nil	Nil	8,572 <sup>(2)</sup>	8,572
	2014	Nil	Nil	Nil	Nil	Nil	Nil	8,572 <sup>(2)</sup>	8,572
	2013	Nil	Nil	16,250	Nil	Nil	Nil	6,429 <sup>(2)</sup>	22,679
Eli Abergel, CFO, Corporate Secretary and Director	2015	Nil	Nil	Nil	Nil	Nil	Nil	8,572 <sup>(2)</sup>	8,572
	2014	Nil	Nil	Nil	Nil	Nil	Nil	8,572 <sup>(2)</sup>	8,572
	2013	Nil	Nil	11,250	Nil	Nil	Nil	6,429 <sup>(2)</sup>	17,679

**Notes:**

(1) The options were granted on May 13, 2013. Reflects stock options issued based on the grant date fair value of the applicable awards. The grant date fair value of each stock option granted is determined using the Black Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.57%; volatility of 100%; average expected life of 4.3 years; estimated forfeiture rate of 0%; and no expectation of dividends.

(2) The fees were paid pursuant to an administrative services agreement (the "Administrative Services Agreement") between Exito and Capitalize Consulting Corp. ("Capitalize"), a corporation which is owned by Mr. Docherty (50%) and Mr. Abergel (50%). Capitalize is paid \$1,428.58 (plus applicable tax) monthly pursuant to the Administrative Services Agreement. Exito paid Capitalize an aggregate of \$17,143 for the year ended December 31, 2014 and an aggregate \$12,857 for the year ended December 31, 2013. No fees were paid to Capitalize for the year ended December 31, 2012. Each of Mr. Docherty and Mr. Abergel have been allocated 50% of such compensation in the summary table above.

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

Exito did not have any share-based awards outstanding at the end of the most recently completed financial year.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2015.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Bradley Docherty, President, CEO and Director	325,000	\$0.10	May 13, 2018	Nil	Nil	Nil	Nil
Eli Abergel, CFO, Corporate Secretary and Director	225,000	\$0.10	May 13, 2018	Nil	Nil	Nil	Nil

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015. Exito did not have any share-based awards vested at the end of the most recently completed financial year.

Name	Option based awards – Value vested during the year <sup>(1)</sup> (\$)	Share based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bradley Docherty, President, CEO and Director	Nil	Nil	Nil
Eli Abergel, CFO, Corporate Secretary and Director	Nil	Nil	Nil

**Pension Plan Benefits**

During the year ended December 31, 2015, Exito did not have any defined benefit, defined contribution or deferred compensation plans.

**Termination and Change of Control Benefits**

There are no current employment contracts between Exito and any NEO, nor are there any current agreements between Exito and any NEO that provide for payment to the Named Executive Officers in the event of termination of employment or change of control of Exito.

**Defined Benefit or Actuarial Plan Disclosure**

Exito and its subsidiaries have no defined benefit or actuarial plans.

**Director Compensation**

Exito does not currently pay cash fees for services to its independent directors. Each of the directors participates in the Exito Stock Option Plan.

Exito has no arrangements, standard or otherwise, pursuant to which directors are compensated by Exito or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Joint Supplement.

The following table sets out all compensation paid to directors, other than directors who are also Named Executive Officers, for the year ended December 31, 2015.

<i>Name</i>	<i>Fees earned (\$)</i>	<i>Share-based awards (\$)</i>	<i>Option based awards (\$)</i>	<i>Non-equity incentive plan compensation (\$)</i>	<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total compensation (\$)</i>
William Matheson Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brody Loster Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Colin Reeves Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Scase Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Oppenheim Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Exito has a stock option plan for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options is to assist Exito in compensating, attracting, retaining and motivating the directors of Exito and to closely align the personal interests of such persons to that of Exito's shareholders.

On May 13, 2013, Exito granted options to purchase a total of 1,000,000 Exito Shares to the directors of Exito, exercisable at a price of \$0.10 per share. The options vested immediately and expire five (5) years from the closing of the initial public offering on May 13, 2018.

Exito recorded stock based compensation of \$74,760 as the fair value of these stock options. The fair value was calculated using the Black Scholes option pricing model with a volatility of 100%, a term of five years, a risk free interest rate of 1.57% and no expectation of dividends.

As at December 31, 2015, directors' options to purchase 1,000,000 Exito Shares at \$0.10 per share, expiring May 13, 2018 are outstanding.

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

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year (December 31, 2015), to each of the directors who are not Named Executive Officers. Exito does not currently have a share-based awards program.

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> <i>(#)</i>	<i>Option Exercise Price</i> <i>(\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> <i>(\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> <i>(#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> <i>(\$)</i>
William Matheson <i>Director</i>	100,000	\$0.10	May 13, 2018	Nil	Nil	Nil
Brody Loster <i>Director</i>	100,000	\$0.10	May 13, 2018	Nil	Nil	Nil
Colin Reeves <i>Director</i>	100,000	\$0.10	May 13, 2018	Nil	Nil	Nil
Christopher Scase <i>Director</i>	75,000	\$0.10	May 13, 2018	Nil	Nil	Nil
Andrew Oppenheim <i>Director</i>	75,000	\$0.10	May 13, 2018	Nil	Nil	Nil

***Incentive Plan Awards - Value Vested or Earned During The Year***

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option based awards which vested during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015. Exito does not have any vested share based awards:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year</i> <i>(\$)</i>	<i>Share-Based Awards - Value Vested During The Year</i> <i>(\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year</i> <i>(\$)</i>
William Matheson <i>Director</i>	Nil	Nil	Nil
Brody Loster <i>Director</i>	Nil	Nil	Nil
Colin Reeves <i>Director</i>	Nil	Nil	Nil
Christopher Scase <i>Director</i>	Nil	Nil	Nil
Andrew Oppenheim <i>Director</i>	Nil	Nil	Nil

**Management Contracts**

Except as set out herein, no management functions of Exito are performed to any substantial degree by a person other than the directors or executive officers of Exito.

## Directors and Executive Officers

The following table sets forth the names, provinces, states and countries of residence of those individuals who are Exito Directors and executive officers of Exito as at the date hereof, their current positions or offices with Exito, the date when they first became a Exito Director and/or executive officer and their principal occupations, businesses or employments within the past five years:

<i>Name, Municipality of Residence, and Office</i>	<i>Date Since Served as a Director</i>	<i>Present and Principal Occupation During the Last Five Years</i>	<i>Exito Shares Beneficially Owned Directly or Indirectly or Controlled or Directed</i>
<b>Bradley Docherty,</b> <sup>(1)(2)(3)</sup> Calgary, Alberta <i>President, Chief Executive Officer, Director and Promoter</i>	November 11, 2010	Mr. Docherty is the Founder, President, Chief Executive Officer and Chairman of the Board of Directors for Source Rock Royalties Ltd., a private company that owns and manages oil and gas royalties in the Western Canadian Sedimentary Basin. Mr. Docherty was formerly a securities lawyer who focused on working with TSXV listed issuers and private issuers seeking a public listing. From 2007 to 2009 Mr. Docherty practised at a national law firm and from 2009 to 2013 he practised independently with a focus on corporate finance and securities law. Mr. Docherty was Co-Founder, President, CEO, CFO and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Docherty is also currently a director of Shelter Modular Inc., a private company that manufactures, sells and installs modular structures. Mr. Docherty received his Bachelor of Laws degree from the University of Victoria in 2007.	<b>500,000</b>
<b>Eli Abergel,</b> <sup>(4)</sup> Calgary, Alberta <i>Corporate Secretary, Chief Financial Officer, Director and Promoter</i>	November 11, 2010	Mr. Abergel is the President, Chief Executive Officer and Director of Kuldo Suites Inc. a company that owns and operate residential real estate in Kitimat, British Columbia. Mr. Abergel is also a director of 21065 Alberta Ltd., which is a private real estate company that owns and operates commercial assets in Calgary, Alberta. Mr. Abergel was Co-Founder, Corporate Secretary and a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2008 to 2009 Mr. Abergel worked at Suncor Energy as in-house legal counsel. From 2004 to 2007 Mr. Abergel practised law at Gowlings, a national law firm. Mr. Abergel received his Bachelor of Laws degree from the University of Western Ontario in 2004.	<b>500,000</b>
<b>William Matheson,</b> <sup>(1)</sup> Calgary, Alberta <i>Director</i>	November 11, 2010	Mr. Matheson serves on the Board of Directors for Decidedly Jazz Danceworks (" <b>DJD</b> "), a registered charity. DJD is a professional dance company that creates original performances with live music. Mr. Matheson was formerly the President & CEO and a Director of Camber Resource Services Ltd., a private production and specialty chemicals company serving the oil and gas industry. Mr. Matheson was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2011 to 2012, Mr. Matheson was the President & CEO of Carnaby Energy Ltd., a private oil and gas exploration company. From 2001 to 2009 Mr. Matheson was President & CEO of Result Energy Inc., a TSXV listed issuer. Prior thereto, Mr. Matheson was involved with Devlan Exploration Inc. Mr. Matheson has also sat on the Board of Directors for other TSXV listed issuers and acted as an advisor to the Alberta Petroleum Marketing Commission and the Alberta Stock Exchange. Mr. Matheson holds a Bachelor of Commerce degree from the University of Calgary.	<b>100,000</b>
<b>Brody M. Loster,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Loster is a Professional Geologist at Raging River Exploration Inc., a TSXV listed oil and gas producer that is focused on Viking assets in southwest Saskatchewan. Mr. Loster was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2009 to 2012, Mr. Loster was a Professional Geologist with Wild Stream Exploration Inc., a TSXV listed oil and gas producer that was focused in the Shaunavon and Dodsland Viking fairway of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2005 to 2009 Mr. Loster was a geologist at Wave Energy	<b>150,000</b>

		Ltd., a private oil and gas company that was purchased by Crescent Point Energy Corp. in October 2009. Mr. Loster received his Bachelor of Science degree in Earth and Ocean Sciences from the University of Victoria in 2001.	
<b>Colin M. Reeves,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Reeves is a Professional Geologist at Teine Energy Inc., a private oil and gas producer that is focused on Viking oil assets in southwest Saskatchewan. Mr. Reeves was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. From 2011 to 2012, Mr. Reeves was a Geologist at Wild Stream Exploration Inc., a TSXV listed oil and gas producer that was focused in the Shaunavon and Dodsland Viking fairway of southwest Saskatchewan, which was purchased by Crescent Point Energy Corp. in 2011. From 2006 to 2011 Mr. Reeves was the President of C.M.R. Ltd., a private geological consulting company that performed conventional and unconventional drilling services, including shallow, deep and horizontal wells and heavy oil programs, for various companies in Alberta and Saskatchewan. Mr. Reeves received his Bachelor of Sciences degree in Geology and Hydrogeology from the University of Calgary in 2006.	<b>300,000</b>
<b>Christopher Scase,</b> <sup>(1)(5)</sup> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Scase is the Chief Financial Officer of Camber Resource Services Ltd., a production and specialty chemicals company serving the oil and gas industry. Mr. Scase is a Certified General Accountant and was formerly the Managing Partner at Scase & Lively Accounting's Calgary office. Mr. Scase was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Scase has acted as a director of and controller for a number of private companies within Western Canada's energy sector. Mr. Scase is currently a director and audit committee member of Blacksteel Energy Inc. (since 2009), a TSXV listed oil and gas company. Mr. Scase obtained his Bachelor of Commerce degree from the University of Calgary in 1996.	<b>200,000</b>
<b>Andrew Oppenheim,</b> Calgary, Alberta <i>Director</i>	December 1, 2012	Mr. Oppenheim is a partner at Gowling WLG (Canada) LLP. Mr. Oppenheim was a Director of Exito Energy Inc., which was a Capital Pool Company listed on the TSXV prior to completing its Qualifying Transaction on November 29, 2012. Mr. Oppenheim has been a practicing commercial lawyer for 33 years. Mr. Oppenheim was the lead director of Amica Mature Lifestyles Inc. prior to its sale, and is currently Chair of the Board of Advantage Tower Ltd., a private integrated tower company providing state-of-the-art telecommunication solutions, and has served as a director of a number of other public and private companies.	<b>250,000</b>

**Notes:**

(1) Member of the Audit Committee.

(2) Mr. Docherty may be considered to be the promoter of Exito in that he took the initiative in founding and organizing Exito. Mr. Docherty directly and indirectly purchased 1,000,000 Exito Shares at a price of \$0.05 per Exito Share and he was granted an option to acquire 325,000 Exito Shares at a price of \$0.10 per Exito Share on closing of the IPO. 500,000 of the Exito Shares held directly or indirectly by Mr. Docherty were cancelled in accordance with the CPC Escrow Agreement. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

(3) 250,000 Exito Shares are held by Mr. Docherty directly, and 250,000 Exito Shares are held by Mr. Docherty through his wholly-owned corporation.

(4) Mr. Abergel may be considered to be the promoter of Exito in that he took the initiative in founding and organizing Exito. Mr. Abergel purchased 500,000 Exito Shares at a price of \$0.05 per Exito Share and he was granted an option to acquire 225,000 Exito Shares at a price of \$0.10 per Exito Share on closing of the IPO. Mr. Abergel also acquired a further 500,000 Exito Shares from a company controlled by his former spouse. 500,000 of the Exito Shares held by Mr. Abergel were cancelled in accordance with the CPC Escrow Agreement. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

(5) These Exito Shares are held by The Hoff Inc., a corporation controlled by Mr. Scase.

As of the date hereof, the Exito Directors and executive officers of Exito, as a group, beneficially own, directly and indirectly, or exercise control or direction over Exito Shares, representing approximately 2,000,000 of the total number Exito Shares outstanding (or approximately 25%) before giving effect to the exercise of options to purchase Exito Shares held by such directors and executive officers.

**Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of Exito will be subject in connection with the operations of Exito. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on

any matter in respect of such contract or agreement unless otherwise provided by the ABCA. See also "*Information Concerning Exito — Risk Factors*".

### ***Corporate Cease Trade Orders***

To the knowledge of management of Exito, other than as described below, no director or proposed director of Exito is, or has been within the past ten (10) years, a director, CEO or CFO of any company (including Exito in respect of which this Joint Supplement is being pre-pared) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

For the purposes of this section, "order" means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days.

Mr. Oppenheim is a director of PsiNaptic Inc. ("**PsiNaptic**"), a company that was listed on the TSXV August 2008 when it was transferred to the NEX. PsiNaptic was subsequently delisted from the NEX in October 2010. On January 29, 2008, while Mr. Oppenheim was a director of PsiNaptic, the Alberta Securities Commission issued a management cease trade order against PsiNaptic and certain of its insiders for failure to file financial statements. The financial statements were subsequently filed by PsiNaptic and this cease trade order expired on February 14, 2008. On February 4, 2009, while Mr. Oppenheim was a director of PsiNaptic, the Alberta Securities Commission issued a cease trade order against PsiNaptic for failure to file financial statements. The financial statements were subsequently filed by PsiNaptic and this cease trade order was revoked on March 4, 2009. On February 3, 2010, while Mr. Oppenheim was a director of PsiNaptic, the Alberta Securities Commission issued another cease trade order against PsiNaptic for failure to file financial statements. This cease trade order remains in effect.

### ***Bankruptcies***

To Exito's knowledge, no Exito Director or executive officer of Exito or Exito Shareholder holding a sufficient number of securities of Exito to affect materially the control of Exito:

1. is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Exito) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets of the Exito Director, executive officer or Exito Shareholder.

### ***Penalties or Sanctions***

To Exito's knowledge, no Exito Director or executive officer of Exito or Exito Shareholder holding a sufficient number of securities of Exito to affect materially the control of Exito has been subject to:

1. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Audit Committee**

***The Audit Committee's Charter***

The text of the Audit Committee Charter of Exito is attached as Appendix "J".

***Composition of the Audit Committee***

NI 52-110 provides that a member of the Audit Committee is independent if the member has no direct or indirect material relationship with Exito. A material relationship means a relationship which could, in the view of a board of directors, reasonably interfere with the exercise of a member's independent judgment.

NI 52-110 further provides that a member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Exito.

The current members of Audit Committee are Brad Docherty, William Matheson and Christopher Scase. The Board has determined that each member of the Audit Committee is independent in accordance with Section 1.4 of NI 52-110 and that each member of the Audit Committee is financially literate in accordance with NI 52-110.

***Relevant Education and Experience***

<b><i>Name and Place of Residence</i></b>	<b><i>Independent</i></b>	<b><i>Financially Literate</i></b>	<b><i>Relevant Education and Experience</i></b>
Bradley Docherty <i>Calgary, Alberta</i>	Yes	Yes	Mr. Docherty is the President, CEO and Chairman of the Board of Directors and an Audit Committee Member for Source Rock Royalties Ltd., a private company that owns and manages oil and gas royalties in the Western Canadian Sedimentary Basin. Mr. Docherty was formerly a securities lawyer who focused on working with TSXV listed issuers and private issuers seeking a public listing. Mr. Docherty received his Bachelor of Laws degree from the University of Victoria in 2007.
William Matheson <i>Calgary, Alberta</i>	Yes	Yes	Mr. Matheson was the President & CEO and a Director of Camber Resource Services Ltd., a private production and specialty chemicals company serving the oil and gas industry. From 2011 to 2012, Mr. Matheson was the President & CEO of Carnaby Energy Ltd., a private oil and gas exploration company. From 2001 to 2009 Mr. Matheson was President & CEO of Result Energy Inc., a TSXV listed issuer. Prior thereto, Mr. Matheson was involved with Devlan Exploration Inc. Mr. Matheson has also acted as an advisor to the Alberta Petroleum Marketing Commission and the Alberta Stock Exchange. Mr. Matheson holds a Bachelor of Commerce degree from the University of Calgary.



<i>Name and Place of Residence</i>	<i>Independent</i>	<i>Financially Literate</i>	<i>Relevant Education and Experience</i>
Christopher Scase Calgary, Alberta	Yes	Yes	Mr. Scase is the CFO of Camber Resource Services Ltd., a production and specialty chemicals company serving the oil and gas industry. Mr. Scase is a Certified General Accountant and was formerly the Managing Partner at Scase & Lively Accounting's Calgary office. Mr. Scase has acted as a director of and controller for a number of private companies within Western Canada's energy sector. Mr. Scase is currently a director and audit committee member of Blacksteel Energy Inc. (since 2009), a TSXV listed oil and gas company. Mr. Scase obtained his Bachelor of Commerce degree from the University of Calgary in 1996.

***Audit Committee Oversight***

Since the commencement of Exito's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

***Reliance on Certain Exemptions***

At no time since the commencement of Exito's most recently completed financial year has Exito relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to prior approval of the Audit Committee.

***External Auditors Service Fees (By Category)***

The aggregate fees billed by Exito's auditors for the years ended December 31, 2015 and December 31, 2014 are as follows:

<i>Financial Period</i>	<i>Audit Fees</i>	<i>Audit-Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
Year ended December 31, 2015	\$7,000	Nil	Nil	Nil
Year ended December 31, 2014	\$10,000	Nil	Nil	Nil

**Notes:**

- (1) "**Audit Fees**" include fees necessary to perform the annual audit of Exito's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "**Audit-Related Fees**" include services that are traditionally performed by the auditor. These audit-related services include quarterly reviews of the financial statements, employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "**All Other Fees**" include all other non-audit services.

***Exemption in Section 6.1 of NI 52-110***

Exito is relying upon the exemption in section 6.1 of NI 52-110 in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2015. Section 6.1 exempts a "venture issuer" from the requirement to comply with Part 3 "Composition of the Audit Committee" and Part 5 "Reporting Obligations" of NI 52-110.

## **Corporate Governance Disclosure**

### ***Board of Directors***

Directors are considered to be independent if they have no direct or indirect material relationship with Exito. A "material relationship" is a relationship which could, in the view of a corporation's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Management has been delegated the responsibility of evaluating potential Qualifying Transactions for Exito. The Board facilitates its independent supervision over management by reviewing and approving agreements relating to any potential Qualifying Transaction. Through the Audit Committee, the Board examines the effectiveness of Exito's internal control processes and information systems.

The following members of the Board are independent in accordance with Section 1.4 of NI 52-110: William Matheson, Brody Loster, Colin Reeves, Christopher Scase and Andrew Oppenheim.

The non-independent directors are Bradley Docherty and Eli Abergel. Mr. Docherty is not independent as he is the President and CEO of Exito. Mr. Abergel is not independent as he is the CFO and Corporate Secretary of Exito.

The majority of the Board is currently independent.

### ***Other Directorships***

The directors of Exito that are directors of other reporting issuers is outlined in the table below:

<i>Name of Director</i>	<i>Name of Other Issuer</i>
Christopher Scase	Blacksteel Energy Inc.

### ***Orientations and Continuing Education***

The Board has not yet adopted any formal orientation or continuing education program for directors. If new directors are added, the current directors and officers will assist the new directors to become familiar with Exito.

### ***Ethical Business Conduct***

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having a sufficient number of its independent Board members address all corporate matters which rightly fall before a board of directors of a public corporation.

### ***Nomination of Directors***

Exito does not have a nominating committee, and these functions are currently performed by the Board as a whole. A formal nomination process has not been adopted. The nominees are generally chosen as a result of recruitment efforts by the board members, including both formal and informal discussions member of the Board.

### ***Compensation***

Exito does not have a compensation committee as Exito is a CPC and is not permitted to pay any compensation to its directors and officers.

### ***Other Board Committees***

The Board has not established any committees other than the Audit Committee.

### ***Assessments***

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

### ***Arm's Length Transaction***

The Acquisition is an arm's length transaction.

### ***Legal Proceedings and Regulatory Actions***

#### ***Legal proceedings***

There are no legal proceedings to which Exito or properties are or were subject to, since the beginning of the most recently completed financial year ended December 31, 2015 and Exito is not aware of any such contemplated legal proceedings.

#### ***Regulatory actions***

There are no: (i) penalties or sanctions imposed against Exito by a court relating to provincial, territorial, state or federal securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof; (ii) other penalties or sanctions imposed by a court or regulatory body against Exito that are necessary to be disclosed herein to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and (iii) settlement agreements entered into by Exito before a court relating to provincial or territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

### ***Interests of Management and Others in Material Transactions***

Except as disclosed elsewhere herein and in the Exito Circular, none of the directors, executive officers, principal shareholders of Exito, or informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of Exito's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect Exito.

### ***Auditors, Transfer Agents and Registrars***

#### ***Auditors***

The auditors of Exito are PricewaterhouseCoopers LLP, Chartered Accountants, located at 111-5th Avenue SW #3100, Calgary, Alberta T2P 5L3. PricewaterhouseCoopers LLP were first appointed as auditors of Exito on January 14, 2013.

### ***Transfer Agent and Registrar***

The transfer agent and registrar of Exito is Computershare Investor Services Inc. at its principal transfer office in Calgary, Alberta, Canada.

### **Material Contracts**

The following material contracts have been entered into by Exito since the beginning of the last financial year ending before the date hereof, or are other contracts that contain provisions under which Exito has an obligation or entitlement which is material to Exito as at the date hereof.

1. The Arrangement Agreement, a copy of which is attached as Appendix "A" hereto. See "The Arrangement Agreement".
2. The CPC Escrow Agreement.

Copies of the Arrangement Agreement and the CPC Escrow Agreement are available under Exito's profile at [www.sedar.com](http://www.sedar.com).

### **INFORMATION CONCERNING THE RESULTING ISSUER AFTER THE ACQUISITION**

On completion of the Acquisition, GLN will have become a wholly-owned subsidiary of Exito and the companies will have completed a vertical short form amalgamation to form a new entity under the name "Good Life Networks Inc." (the "**Resulting Issuer**"). The Resulting Issuer will continue the operations of the Parties on a combined basis.

The business and operations of the Resulting Issuer will be managed from GLN's current head office located at Suite 209 – 1455 Bellevue, West Vancouver, BC, V7T 1C3. The registered and records office of the Resulting Issuer will be 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

### **Narrative Description of the Business**

#### *Forward-Looking Information*

Statements in the following sections concerning the plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "*Risk Factors*" in this Joint Supplement.

#### *Stated Business Objectives*

Upon completion of the Acquisition, the Resulting Issuer will continue GLN's current business, as a digital technology company. GLN's strategic growth will include targeting and closing on acquisitions to create accretive and sustainable growth of GLN, continue development of GLN's proprietary technology platform, the Programmatic Marketing Platform, and expand GLN's SaaS (Software As A Service) platform from its current Beta test to full market capabilities. GLN's first acquisition is expected to be an all stock transaction and is expected to generate approximately 1.5 million dollars in revenue. GLN's second acquisition target is expected to include \$500,000 in cash and approximately 5 million shares creating revenue of 15 to 20 million dollars per year. GLN's third target acquisition would be a cash and stock transaction and is expected to create approximately 25 to 30 million dollars in revenue for the company. Funds will also be used to manage operational debt, approximately 1.5 million dollars, legal costs expected to be approximately \$62,500, customer payables of approximately 2.4 million dollars, acquisition and the Concurrent Financing, including legal fees, audit fees and filing fees with the TSXV, which are in the aggregate expected to amount to approximately \$662,500.

### *Milestones*

To pursue the foregoing business objectives, GLN will actively pursue efforts to close on the pending public market listing. GLN will actively identify key acquisition targets to aggressively attempt to achieve the company's growth objectives. GLN will continue the development of its SaaS platform and expand the technology to attract clients to achieve the revenue goals outlined in the company prospectus. GLN anticipates continuing development to begin in June 2017. SaaS platform refinements are expected to be completed in September 2017. Expected costs associated with continued development to both the Programmatic Marketing Platform and SaaS platform will be approximately \$1,300,000. To achieve these goals, GLN must attain funding associated with its public market strategy during the second quarter of 2017. Following closing of the Qualifying Transaction, the Resulting Issuer will pursue a number of key acquisition targets already identified (associated costs listed under Stated Business Objectives above).

As indicated above, the Resulting Issuer expects to utilize the proceeds from the Concurrent Financing and the remainder of its available working capital to finance its operations going forward, being primarily day to day operations, retiring outstanding debt, further development of our technology platform, marketing effort related to our industry, targeting and attracting acquisitions targets, and for general working capital over the next twelve months. Please see "*Information Concerning the Resulting Issuer After the Acquisition – Available Funds and Principal Purposes*" for further details regarding the Resulting Issuer's budgeted use of funds.

### **Description of Securities**

The share capital of Exito will remain unchanged as a result of the completion of the Acquisition, other than the completion of the Consolidation and the issuance of Exchanged Shares contemplated under the Acquisition. Resulting Issuer Shares will be issued pursuant to the Concurrent Financing. All the Exito Shares rank equally as to participation of dividends and in distribution of Exito's assets on liquidation, dissolution or winding-up, or other distribution of assets for the purposes of winding-up of its affairs. Holders of Exito Shares are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors.

In connection with the Acquisition, the GLN Shareholders will receive Exchanged Shares.

Following the Effective Time, GLN Broker Warrants and GLN Warrants will become exercisable to acquire that number of Resulting Issuer Shares that the holder thereof would have been entitled to had the holder exercised the holder's rights under the warrant before the Effective Time.

The GLN Special Warrants automatically convert as follows: (i) if the Acquisition is completed, each GLN Special Warrant will automatically convert, without further consideration, into one warrant of the Resulting Issuer (each, a "**Resulting Issuer Warrant**"), exercisable at any time up to 5:00 p.m. (Vancouver time) on December 21, 2020 (the "**Expiry Time**"), with an exercise price to be the lesser of: (i) the share price utilized in completing the Acquisition discounted by 25% per Resulting Issuer Share, or (ii) the share price utilized for the Concurrent Financing, discounted by 25% per Resulting Issuer Share, subject to any minimum pricing restrictions pursuant to the rules of the Exchange; or (ii) if the Acquisition is not completed within the term of the Loan Agreement, then the GLN Special Warrants will automatically convert, without further consideration, into the number of GLN Warrants of that is ten times the number of GLN Special Warrants outstanding, exercisable into GLN Shares until the Expiry Time, at an exercise price of \$0.025 per GLN Share.

If the GLN Special Warrants are converted into Resulting Issuer Warrants and the Concurrent Financing is completed of no less than four million dollars (\$4,000,000) which results in the aggregate number of underlying Resulting Issuer Shares pursuant to which all of the Resulting Issuer Warrants issued to the lenders under the Loan Agreement would be able to acquire falling below two percent (2%) of the post-Acquisition outstanding Resulting Issuer Shares on a fully diluted basis, then the Resulting Issuer Warrants issued to the lenders shall be increased to equal each lender's pro rata portion of the Resulting Issuer Warrants that, in the aggregate, equal two percent (2%) of the outstanding Resulting Issuer Shares on a fully diluted basis.

Assuming no exercise of currently outstanding convertible securities, and completion of the Consolidation and the Concurrent Financing, the GLN Shareholders, Exito Shareholders and purchasers under the Concurrent Financing will own approximately 70.77%, 10.86% and 18.37%, respectively, of the Resulting Issuer Shares on a *pro forma* basis.

### Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Acquisition and the Concurrent Financing based on the pro forma financial statements of the Resulting Issuer attached as Appendix "K":

<i>Designation of Security</i>	<i>Amount Authorized</i>	<i>Amount Outstanding After Giving Effect to the Acquisition</i>	<i>Amount Outstanding After Giving Effect to the Acquisition and the Concurrent Financing</i>
Common Shares	Unlimited	34,434,619 <sup>(1)</sup>	41,197,219 <sup>(1)</sup>

Notes:

- (1) These figures are presented on a non-diluted basis and do not take into account shares issuable on conversion or exercise of convertible securities.
- (2) Pursuant to the pro forma balance sheet included as Appendix "K", the Resulting Issuer will have a deficit of \$12,308,623 as at September 30, 2016.
- (3) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Exito Stock Option Plan and TSXV Policies.

### Fully Diluted Share Capital

The following table sets forth the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Acquisition and the Concurrent Financing:

<i>Description of Security</i>	<i>Number of Securities After Giving Effect to the Acquisition and the Concurrent Financing</i>	<i>Percentage of Total After Giving Effect to the Acquisition and the Concurrent Financing</i>
Exito Shares outstanding as at the date of this Joint Supplement (post-Consolidation)	4,000,000	8.59%
Resulting Issuer Shares issued to GLN Shareholders at Closing	26,058,696	55.93%
Resulting Issuer Shares issued pursuant to the Concurrent Financing	6,762,600	14.51%
Resulting Issuer Shares issuable pursuant to the exercise of GLN Broker Warrants	324,916	0.70%
Resulting Issuer Shares issuable pursuant to the exercise of GLN Special Warrants	1,250,000	2.68%
Resulting Issuer Shares issuable pursuant to the exercise of GLN Warrants	52,020	0.11%
Resulting Issuer Shares issuable pursuant to the conversion of outstanding Convertible Debentures of GLN	829,716	1.78%
Resulting Issuer Shares issuable pursuant to the conversion of Convertible Notes issued pursuant to Bridge Financing	6,563,883	14.09%
Resulting Issuer Shares reserved for issuance under Exito Options and Exito Agent's Options	750,000	1.61%
<b>Total (fully diluted):</b>	<b>46,591,831</b>	

### Available Funds and Principal Purposes

As of the most recent month end prior to the date of this Joint Supplement, Exito had a working capital of approximately CAD\$382,156. As at the most recent month end prior to the date of this Joint Supplement, GLN had a working capital deficit of approximately CAD(\$3,728,181) and expects to raise net proceeds of CAD\$6,500,000 from the Concurrent Financing and has raised CAD\$799,140 from the Bridge Financing. In addition, GLN estimates that revenue for the twelve months following closing of the Qualifying Transaction will equal approximately

\$2,709,245. Based on these amounts, the Resulting Issuer expects to have approximately CAD\$6,662,360 in available funds after giving effect to the Acquisition and assuming completion of the Concurrent Financing.

The Resulting Issuer will spend the funds available to it upon closing of the Acquisition and the Concurrent Financing to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

The Resulting Issuer, in order to complete a successful program, may require additional capital which may come from a combination of existing cash flow, potential cash flow, equity financing and/or debt financing or through new joint ventures. There is no assurance that additional capital will be available to the Resulting Issuer to complete a successful exploration or development program or that the terms of such capital will be favourable. Failure to obtain additional capital could result in the delay or indefinite postponement of such programs. See "Risk Factors".

The following table sets forth the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use the total available funds in the amount of CAD\$6,662,360 after giving effect to the Acquisition and assuming completion of the Concurrent Financing:

<i>Description</i>	<i>Budgeted Expenditures</i>
Estimated balance of the expenses of the Acquisition and the Concurrent Financing, including legal fees, audit fees and filing fees with the TSXV	CAD\$662,500
Estimated G&A costs for 12 months following closing of the Qualifying Transaction	CAD\$2,041,100
Development of GLN Programmatic Marketing Platform and SaaS Platform	CAD\$1,300,000
Estimated direct costs for 12 months following closing of the Qualifying Transaction	CAD\$2,083,354
Unallocated working capital	CAD\$575,406
	Total: CAD\$6,662,360

#### **Selected Unaudited *Pro Forma* Consolidated Financial Information**

The following selected unaudited *pro forma* consolidated financial information for the Resulting Issuer is based on the assumptions described in the respective notes to the Resulting Issuer Pro Forma Statements included in this Joint Supplement at Appendix "K". The Resulting Issuer Pro Forma Statements have been prepared based on the assumption that, among other things, the Acquisition had occurred on September 30, 2016. **The Resulting Issuer Pro Forma Statements are not necessarily indicative of the Resulting Issuer's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project Resulting Issuer's consolidated financial position or results from operations for any future period.**

The Resulting Issuer Pro Forma Statements are based on certain assumptions and adjustments. The selected unaudited *pro forma* consolidated financial information given below should be read in conjunction with the description of the Acquisition contained in this Joint Supplement, the Resulting Issuer Pro Forma Statements contained in this Joint Supplement at Appendix "K", the Exito Interim Financial Statements attached as Appendix

"G", the Exito Annual Statements attached as Appendix "F" and the GLN Annual Financial Statements attached as Appendix "B", as applicable.

As at  
September 30, 2016  
(CAD\$)

**Pro Forma Condensed Consolidated Statement of Financial Position**

Assets.....	\$8,209,466
Liabilities.....	4,036,600
Shareholders' equity.....	4,172,866

**Dividends**

The Resulting Issuer is not restricted in any way from paying dividends.

The Resulting Issuer's current intention is to retain earnings to fund the development and growth of its business, and, when appropriate, retire debt. Therefore, the Resulting Issuer does not anticipate declaring or paying any cash dividends in the near to medium term. The directors of the Resulting Issuer will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of financing further growth of the Resulting Issuer and the Resulting Issuer's financial position at the relevant time.

**Principal Securityholders**

To the knowledge of the directors and senior officers of Exito and GLN, upon completion of the Acquisition and assuming completion of the maximum amount of the Concurrent Financing, no persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities of the Resulting Issuer:

Upon completion of the Acquisition and assuming completion of the Concurrent Financing, a total of 4,499,730 Exito Shares or approximately 12.22% of the common shares of the Resulting Issuer will be held by Insiders of the Resulting Issuer on a non-diluted basis (9.66% on a fully-diluted basis).

**Directors and Officers**

The term of office of each of the present directors expires at Exito's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets forth the names and municipalities of residence of the individuals who will be the directors and officers of the Resulting Issuer, their proposed positions, the anticipated number of Resulting Issuer Shares beneficially owned, directly or indirectly, or under their direction or control and their principal occupations during the past five years, which is in each instance based on information furnished by the person concerned, as of the date hereof. The term of office of the directors of the Resulting Issuer will expire on the date of the next annual general meeting of the shareholders of the Resulting Issuer.



<b>Name and Municipality of Residence</b>	<b>Director/Officer Since</b>	<b>Officer or Position to be Held</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Number and Percentage of Resulting Issuer Shares on Fully-Diluted Basis</b>
Michael Woodman Whistler, British Columbia	August 17, 2011 (GLN)	Director, President & CEO	Director, President and CEO of GLN	3,719,430 (7.98%)
Cliff Dumas Vancouver, British Columbia	January 1, 2015 (GLN)	VP Operations, Director	VP Operations of GLN	780,300 (1.67%)
Konstantin Lichtenwald Vancouver, British Columbia	February 1, 2017 (GLN)	CFO, Corporate Secretary, Director	Accountant	Nil
Cornel Fota Vancouver, British Columbia	September 15, 2011 (GLN)	CTO	Principal Consultant of Gata Consulting Inc.; Consulting Manager at Alma Consulting Inc. from November 2011 to January 2016	Nil
Eugene Valaitis Huntington Beach, CA, USA	NA	Director	Business, marketing and management consultant to international direct selling corporations	Nil
Praveen Varshney Vancouver, British Columbia	NA	Director	Partner, Varshney Capital Corp.	Nil

It is anticipated that the proposed directors and officers of the Resulting Issuer as a group, will beneficially own, directly or indirectly, or exercise control or direction over 4,499,730 Resulting Issuer Shares, representing approximately 12.22% of the issued and outstanding Resulting Shares on a non-diluted basis assuming completion of the Acquisition and Concurrent Financing. The statement as to the number of Resulting Issuer Shares to be beneficially owned, directly or indirectly, or over which control or direction is exercised by the proposed directors and officers of the Resulting Issuer as a group is based upon information furnished by such individuals.

The Resulting Issuer's audit committee will be made up of Konstantin Lichtenwald, Praveen Varshney and Eugene Valaitis. Mr. Lichtenwald will act as the Chair of the Audit Committee. Under NI 52-110, Eugene Valaitis and Praveen Varshney will be considered the independent members of the audit committee. Konstantin Lichtenwald will not be considered independent since he will also be an executive officer of the Resulting Issuer. All members are considered financially literate.

**Biographies**

Michael Woodman – President, CEO and Director, age 61

Mr. Woodman is a multiple award-winning show host (The Good Life Show) Sirius/CBS, the author of the best-selling book The Good Life with Jesse Dylan and the founder of GLN. For the last six years, Mr. Woodman's principal occupation has been to act as CEO of GLN. Mr. Woodman has been featured in a documentary as one of the top five on-air personalities in the world. He's been named personality of the year in Canada and won the prestigious Actra award for the same. He's also won international awards including Gold at the International Festival of Radio in NYC. Mr. Woodman is a leading producer of transformational entertainment. His success is built on over 40 years of broadcast experience combined with the renowned relationships he has forged with the greatest authorities in the world of media, entertainment and technology. Mr. Woodman will be working full time for the resulting issuer as an employee.

Cliff Dumas – VP Operations and Director, age 57

Mr. Dumas' significant broadcast career includes being named the winner of a CMA, ACM, and multiple CCMA Awards for Major Market Broadcaster of the Year in the U.S and Canada. For the last four and a half years, Mr. Dumas' principal occupation has been to act as Vice President of Operations for GLN. Mr. Dumas is a 2013 Mark Award Winner for Excellence in Broadcast Marketing. His television career includes writing, co-producing and voicing close to 30 network shows, 18 Canadian Country Music Awards along with specials for Anne Murray, Terri Clark, Paul Brandt and countless specials for CMT. Cliff's management experience includes being the Co-Founder and President of The Expert Radio Network. ERN partnered with Salem Communication in the U.S to manage and provide content for the Salem broadcast network. He was also was the Co-Founder and President of the online music platform Claim2Fame, responsible for overseeing financial growth, marketing and technology innovation for the platform. Mr. Dumas will be working full time for the resulting issuer as an employee.

Konstantin Lichtenwald – CFO, Corporate Secretary and Director, age 32

Mr. Lichtenwald's principal occupation for the last five years has been providing corporate finance, valuation, taxation, financial reporting, consulting and other accounting services to both small businesses as well as public commodity resource companies. Mr. Lichtenwald also assists in many aspects of clients' administration, financing and other activities. Mr. Lichtenwald also worked at Ernst & Young GmbH, Germany, in the assurance department. Mr. Lichtenwald earned his bachelor of business administration degree from Pforzheim University, Germany, and holds the professional designation of Chartered Professional Accountant (CPA, CGA), where he is a member of Chartered Professional Accountants of B.C. and Canada. Mr. Lichtenwald has had extensive experience as a controller and CFO of numerous publicly traded and private corporations in several industries. Mr Lichtenwald's accounting firm will be retained to manage the day to day accounting need including but not limited to invoicing and revenue collection and payroll along with CFO duties as required.

Cornel Fota – CTO, age 49

Mr. Fota's principal occupation for the last 5 years has been acting as Principal Consultant of Gata Consulting Inc. and as Consulting Manager at Alma Consulting Inc. from November 2011 to January 2016. Mr. Fota is referred to as one of North America's leading technology architects. Mr. Fota is a seasoned technical executive with over ten years' experience in VP and C-Suite level positions. He has considerable experience and a proven track record in building software development organizations from the ground up, and bringing enterprise software products to market. Mr. Fota will commit approximately 70% of his time to the Resulting Issuer.

Eugene Valaitis – Director, age 60

Mr. Valaitis' principal occupation for the last 5 years has been to act as a business, marketing and management consultant to international direct selling corporations. Mr. Valaitis is a multiple award winning broadcaster and marketing expert. During his over 25 years in radio and television Mr. Valaitis earned multiple ACTRA awards and recognition from the New York Radio Festival. Mr. Valaitis is a seasoned executive with over a decade of experience in VP level positions guiding the marketing and sales teams of multinational corporations in the U.S., Hong Kong, Mexico and Dubai. Mr. Valaitis will commit approximately 30% of his time to the Resulting Issuer.

Praveen Varshney – Director, age 53

Mr. Varshney's is a FCPA and CPA. His principal occupation for almost a decade has been as a Partner with Varshney Capital, a Vancouver based Merchant Banking and Venture Capital Corporation. Mr. Varshney is also a Director and advisory for dozens of companies including Pyfera Growth Capital Corp. Pyfera is a royalty revenue based investment company established to support the commercialization of high growth Series A companies in technology and sustainability. Mr. Varshney's public company experience includes acting as a Director at America Mineral Fields Inc. (AMF), a resource exploration company with properties in Zaire, from 1993 to 1996; acting as Director and President of Axion Communications Inc., one of the first Internet Service Providers in Vancouver, B.C.,

from 1995 to 2005; and acting as Director of Camphor Ventures Inc. from 1992 to 2007 (now merged with Mountain Province Diamonds Inc.). Mr. Varshney will commit approximately 20% of his time to the Resulting Issuer.

### **Promoter Consideration**

The Resulting Issuer does not expect to have any promoters other than its directors and officers.

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of Exito and GLN, as at the date of this Joint Supplement and within the ten years before the date of this Joint Supplement, no proposed director, officer or promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

1. was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
2. 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 knowledge of Exito and GLN, no proposed director, officer or promoter of the Resulting Issuer or any securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has:

1. been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
2. been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable investor in making an investment decision about the Acquisition.

### **Personal Bankruptcies**

To the knowledge of Exito and GLN, except as disclosed herein, no proposed director, officer or promoter of the Resulting Issuer or any securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the ten years prior to the date of this Joint Supplement, 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 person.

On or around September 10, 2010, Michael Woodman filed a consumer credit proposal with Campbell Saunders Ltd. to restructure his affairs. All creditors accepted the proposal and on January 23, 2017, Mr. Woodman received a Certificate of Full Performance.

## Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies involved in natural resource exploration and development or investment in natural resource companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Resulting Issuer will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see "Other Reporting Issuer Experience" below.

## Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than Exito:

<i>Name of Director, Officer or Promoter</i>	<i>Name and Jurisdiction of Reporting Issuer</i>	<i>Exchange</i>	<i>Position</i>	<i>Period</i>
Konstantin Lichtenwald	Intact Gold Corp.	TSXV	CFO, Director	May 4, 2016 to Current
	Vantex Resources Ltd.	TSXV	CFO	February 19, 2016 to Current
	Scorpion Resources Inc	TSXV	CFO, Director	July 29, 2016 to Current
	88 Capital Corp.	TSXV	Director	February 12, 2016 to Current
	Tiller Resources Ltd.	TSXV	Director	July 20, 2015 to Current
	Fire River Gold Corp.	NEX	CFO, Director	February 09, 2016 to Current
	Arian Resources Corp.	TSXV	CFO, Director	January 12, 2016 to March 1, 2016
Praveen Varshney	Canada Zinc Metals Corp.	CVE	CFO	2005 to present
	Mogo	TSE	Co-Founder/Director	October 2003 to present
	Camphor Ventures Inc.	TSX	Director	1992 to 2007
	Axion Communications Inc.	CDNX	Director/President	1995 to 2005
	Carmanah Technologies Corporation	TSE	Director/CFO	2001 to 2008

## Executive Compensation

Set out below is a summary of the anticipated compensation for each of the Resulting Issuer's three most highly compensated executive officers and members of management, in addition to the CEO and the CFO, for the 12 month period after giving effect to the Acquisition:

**Summary Compensation Table**  
**For the 12 months following the completion of the Acquisition**

Name and Principal Position	Salary (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans (\$)	Long term incentive plans (\$)			
Michael Woodman, President, CEO, Director	350,000	Nil	Nil	Nil	Nil	Nil	Nil	350,000
Cliff Dumas, Corporate Secretary, VP Operations	250,000	Nil	Nil	Nil	Nil	Nil	Nil	250,000
Cornel Fota, CTO	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
Konstantin Lichtenwald, CFO	39,000	Nil	Nil	Nil	Nil	Nil	Nil	39,000

**Notes:**

- (1) The value of perquisites and benefits, if any, for each executive officer will be less than the lesser of US\$50,000 and 10% of his/her total annual salary and bonus.
- (2) The value of any option-based award will be determined as the grant date fair value using the Black-Scholes option-pricing model.

The Resulting Issuer is not expected to pay compensation to any of its directors or senior officers apart from stock option compensation and possible attendance fees relating to directors and committee meetings at rates to be determined.

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

The Resulting Issuer will continue to utilize the Exito Stock Option Plan which permits the reservation of a maximum of 10% of the issued and outstanding shares of the Resulting Issuer as of the date of grant of stock options under such plan. The principal terms of the Exito Stock Option Plan are discussed at "Information Concerning Exito – Stock Option Plan".

### **Pension Plan Benefits**

Exito does not have and the Resulting Issuer does not propose to have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### ***Termination of Employment, Change in Responsibilities and Employment Contracts***

The Resulting Issuer does not anticipate having any employment contract with any of its Named Executive Officers.

Exito has not provided or agreed to provide any compensation to any Named Executive Officers as a result of a change of control of Exito. The Resulting Issuer will have no plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Resulting Issuer or from a change of control of the Resulting Issuer or a change in the executive officers' responsibilities following a change in control.

### ***Compensation of Directors***

The Resulting Issuer is not expected to pay compensation to any of its directors (who are not also officers) for services as a director, other than stock option compensation. See "*Information Concerning Resulting Issuer – Options to Purchase Securities*".

### **Management Contracts**

Exito does not have and the Resulting Issuer does not propose to have a management contract with any of its directors or executive officers.

### **Indebtedness of Directors and Officers**

No individual who is a director or officer of Exito or GLN or a proposed director or officer of the Resulting Issuer or any individual who was a director or officer of Exito or GLN at any time during the most recently completed financial year or any of their associates or affiliates, is or has been indebted to Exito or GLN or a subsidiary or whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Exito or GLN, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Acquisition.

### **Investor Relations Arrangements**

At this time, the Resulting Issuer does not expect to enter into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market.

### **Options to Purchase Securities**

The Resulting Issuer will continue to utilize the Exito Stock Option Plan which permits the reservation of a maximum of 10% of the issued and outstanding shares of the Resulting Issuer as of the date of grant of stock options under such plan. The principal terms of the Exito Stock Option Plan are discussed at "*Information Concerning Exito – Exito Options*".

It is expected that the Resulting Issuer will, upon completion of the Acquisition, have outstanding options to purchase up to 500,000 common shares of the Resulting Issuer at an exercise price of CAD\$0.20 per share and expiring on May 13, 2018, as well as 250,000 Exito Agent's Options, which expire upon the issuance of the Final Bulletin from the Exchange with respect to its acceptance of the Qualifying Transaction.

### **Escrowed Securities**

While in escrow, none of the escrowed securities of the Resulting Issuer can be transferred, either directly or indirectly through a change in control of a holding company without the consent of the TSXV.

*CPC Escrow Shares*

The following table lists, as of the date of this Joint Supplement, the number and percentage of Escrowed Exito Shares held in escrow under the CPC Escrow Agreement prior to giving effect to the Acquisition, and the number and percentage of Reporting Issuer Shares that will be held in escrow after giving effect to the Acquisition, but before giving effect to the initial release of the Escrowed Exito Shares under the CPC Escrow Agreement.

		Before Giving Effect to the Acquisition and the Concurrent Financing		After Giving Effect to the Exito Consolidation, Acquisition and the Concurrent Financing	
Name and Municipality of Residence of Security Holder	Designation of Class	Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
<b>Brad Docherty</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	250,000	3.13%	125,000	0.28%
<b>B.D. Corporate Services Inc.</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	250,000	3.13%	125,000	0.28%
<b>Eli Abergel</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	500,000	6.25%	250,000	0.57%
<b>Colin Reeves</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	300,000	3.75%	150,000	0.34%
<b>Brody Loster</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	150,000	1.88%	75,000	0.17%
<b>William Matheson</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>The Hoff Inc.</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	200,000	2.50%	100,000	0.23%
<b>Andrew Oppenheim</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	250,000	3.13%	125,000	0.28%
<b>Eribon Holdings Ltd.</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Jeff Standen</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	120,000	1.50%	60,000	0.14%
<b>Frank Sur</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Twin Star Energy Inc.</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>John Bell</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Gary Martin</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%

		Before Giving Effect to the Acquisition and the Concurrent Financing		After Giving Effect to the Exito Consolidation, Acquisition and the Concurrent Financing	
Name and Municipality of Residence of Security Holder	Designation of Class	Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
<b>Justin Charbonneau</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Daniel Cheng</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Brett Standen</b> <i>Calgary, Alberta</i>	CPC Escrow Shares	80,000	1.00%	40,000	0.09%
<b>Brady Fletcher</b> <i>Vancouver, British Columbia</i>	CPC Escrow Shares	100,000	1.25%	50,000	0.11%
<b>Total</b>		<b>3,000,000</b>		<b>1,500,000</b>	<b>3.40%</b>

As mentioned, the CPC Escrow Shares are currently held in escrow pursuant to the CPC Escrow Agreement. The Transfer Agent is the escrow agent for the purposes of the CPC Escrow Agreement. There are 3,000,000 Escrowed Exito Shares currently in escrow. At the time of Completion of the Acquisition, it is expected that each of the persons listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such person's name.

The Escrowed Exito Shares are currently subject to the release schedule set out in Schedule B(1) to the Exchange's Form 2F – CPC Escrow Agreement. Pursuant to Schedule B(1) of Form 2F, 10% of the Escrowed Exito Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Qualifying Transaction and an additional 15% of the Escrowed Exito Shares are to be released every 6 months thereafter until all Escrowed Exito Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, the Escrowed Exito Shares will be released on an accelerated schedule, as set out in Schedule B(2) of Form 2F. Pursuant to Schedule B(2) of Form 2F, 25% of the Escrowed Exito Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the Escrowed Exito Shares would be released every 6 months thereafter, until all Escrowed Exito Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The CPC Escrow Agreement provides that the Escrowed Exito Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow Shareholder, provided the Exchange does not object, the Escrowed Exito Shares held by such escrow Shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrowed Exito Shares which shares will remain in escrow subject to the CPC Escrow Agreement. In the event of the death of an escrow Shareholder, provided the Exchange does not object, the Escrowed Exito Shares held by the escrow Shareholder will be released from escrow.

#### *Value Escrow Shares*

Pursuant to the policies of the Exchange and in addition to the CPC Escrow Shares, the following securities of the Resulting Issuer are expected to be held in escrow after giving effect to the Transaction (the "**Transaction Escrowed Securities**") (on a non-diluted basis):



Name and Municipality of Residence of Security Holder	Number of Securities Held in Escrow	Percentage of Resulting Issuer Shares on Non-Diluted Basis
Michael Woodman, Whistler, British Columbia	3,719,430	10.10%
Cliff Dumas, Vancouver, British Columbia	780,300	2.12%

The Transaction Escrowed Securities held by Michael Woodman will be subject to the release schedule set out in "Schedule B(1) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D, which provides for the release of 10% of the securities on the date of the Final Exchange Bulletin and the release of 15% of the securities on the dates that are 6, 12, 18, 24, 30 and 36 months from the date of the Final Exchange Bulletin.

The Transaction Escrowed Securities held by Cliff Dumas will be subject to the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D, which provides for the release of 10% of the securities on the date of the Final Exchange Bulletin and the release of 15% of the securities on the dates that are 6, 12, 18, 24, 30 and 36 months from the date of the Final Exchange Bulletin.

#### *Seed Sale Restrictions*

Further to the above, the following seed share resale restrictions will be applicable to the Resulting Issuer Shares.

Shareholder	Issue Date	Number of Securities	Issue Price	Resale Restriction & Reason
Gillian Woodman	August 18, 2011	390,150	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Everfront Capital Corp.	January 1, 2012	104,040	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Bedrock Capital Corporation	January 1, 2012	213,828	0.046870434	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Michael Christopher	January 15, 2012	312,120	0.038446751	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Gord Robinson and Mirian Robinson, jointly	January 15, 2012	390,150	0.038446751	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Kyle Robinson	January 15, 2012	39,015	0.038446751	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Tyler Robinson	January 15, 2012	26,010	0.038446751	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Chris Holman	May 25, 2012	9,289	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Scott Abernethy	May 25, 2012	29,726	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Scott Abernethy	May 25, 2012	3,716	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Deborah G. Thiel	May 25, 2012	96,609	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share

Joseph Abrams	November 15, 2012	260,100	0.003844675	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Bedrock Capital Corporation	April 23, 2013	240,778	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Mark Geist	May 1, 2013	156,060	0.038446751	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Janie Bourbonnais	September 23, 2013	40,594	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Pierre Bourbonnais	September 23, 2013	32,513	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Bedrock Capital Corporation	October 31, 2016	390,150	0.00019	In accordance with the release schedule set out in "Schedule B(2) – Tier 2 Value Security Escrow Agreement" of Exchange Form 5D; Reason: <\$0.05 per share
Various subscribers under Bridge Financing	April 25, 2017	5,897,137	0.182622068	4 month hold with 20% released each month with first release on closing of the Qualifying Transaction
Various subscribers under Bridge Financing	April 27, 2017	666,746	0.182622068	4 month hold with 20% released each month with first release on closing of the Qualifying Transaction

### Stock Exchange Listing and Reporting Issuer Status

The Exito Shares, including the Exito Shares issued in connection with the Acquisition, will be reinstated to trading on the TSXV following completion of the Acquisition.

Exito is and the Resulting Issuer will be a reporting issuer in British Columbia and Alberta.

### Auditors

The current auditors of Exito are PriceWaterhouseCoopers LLP. The Resulting Issuer will change its auditor to Smythe LLP, 700 - 355 Burrard St, Vancouver, BC V6C 2G8, after the Effective Date in accordance with section 4.11(3) National Instrument 51-102 – *Continuous Disclosure Obligations*.

### Transfer Agent and Registrar

The transfer agent and registrar for the Resulting Issuer's common shares will be Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

### Sponsorship

The TSX has waived the Acquisition from the TSXV's sponsorship requirements pursuant to Section 3.4(a)(ii) of TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

### Names and Interests of Experts

The following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to herein, whose profession or business gives authority to such, report, valuation, statement or opinion:

1. PricewaterhouseCoopers LLP, Chartered Accountants are the auditors of Exito for the financial years ended December 31, 2015 and December 31, 2014 and are independent within the

meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia; and

2. Smythe LLP, Chartered Professional Accountants are the auditors of GLN for the financial years ended December 31, 2015 and 2014 and are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

**Other Material Facts**

To the knowledge of management of Exito and GLN, there are no other material facts relating to Exito, GLN, the Resulting Issuer, the Acquisition or the Concurrent Financing that are not otherwise disclosed in this Joint Supplement and are necessary in order for the Joint Supplement to contain full, true and plain disclosure of all material facts relating to Exito, GLN and the Resulting Issuer, assuming completion of the Acquisition and the Concurrent Financing.

**Board Approval**

The Board of Directors of each of Exito and GLN have approved the Joint Supplement.

**APPENDIX "A"**  
**ARRANGEMENT AGREEMENT**

EXECUTION VERSION

**AMENDED AND RESTATED ARRANGEMENT AGREEMENT**

between

**EXITO ENERGY II INC.**

and

**GOOD LIFE NETWORKS INC.**

Amended and Restated as of the 31<sup>st</sup> day of January, 2017

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## AMENDED AND RESTATED ARRANGEMENT AGREEMENT

**THIS AGREEMENT** amends and restates the Arrangement Agreement dated as of October 7, 2016 between Exito Energy II Inc. and Good Life Networks Inc. and is made as of the 31<sup>st</sup> day of January, 2017.

### **BETWEEN:**

**EXITO ENERGY II INC.**, a corporation existing under the *Business Corporations Act* (Alberta) ("**Exito**")

- and -

**GOOD LIFE NETWORKS INC.**, a corporation existing under the *Business Corporations Act* (British Columbia) ("**GLN**")

### **WITNESSES THAT:**

**WHEREAS** Exito and GLN entered into an arrangement agreement dated as of October 7, 2016 (the "**Original Arrangement Agreement**");

**AND WHEREAS** Exito and GLN wish to amend and restate the Original Arrangement Agreement;

**AND WHEREAS** Exito and GLN propose to effect a business combination to combine the business and assets of GLN with those of Exito;

**AND WHEREAS** Exito wishes to acquire all of the outstanding common shares of GLN at one time in a single transaction;

**AND WHEREAS** the parties hereto intend to carry out the proposed business combination by way of a plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia);

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

**ARTICLE 1**  
**DEFINITIONS, INTERPRETATION AND SCHEDULE**

**1.1 Definitions**

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meaning ascribed to such capitalized word or term below:

- (a) "**ABCA**" means the *Business Corporations Act*, (Alberta) R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Acquisition Proposal**" means with respect to GLN, any inquiry or the making of any proposal to GLN or the GLN Shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from GLN or the GLN Shareholders of any securities of GLN (other than on exercise of currently outstanding GLN Warrants) pursuant to which, if consummated, such person would own or control, directly or indirectly, 20% or more of any class of GLN's securities; (ii) any acquisition of a material amount of the assets of GLN; (iii) an amalgamation, arrangement, merger, or consolidation involving GLN; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving GLN or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Exito under this Agreement or the Arrangement;
- (c) "**affiliate**" has the meaning set forth in the BCBCA;
- (d) "**Agreement**", "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and "**hereunder**" and similar expressions refer to this arrangement agreement, as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Schedules hereto;
- (e) "**Applicable Corporate Laws**", in the context that refers to one or more Persons, means all corporate laws, including the ABCA and/or BCBCA (as applicable), as the foregoing apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (f) "**Applicable Laws**", in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (g) "**Applicable Securities Laws**" in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the

provinces and territories of Canada, the rules of the TSXV, and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Time, as the foregoing apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

- (h) "**Arrangement**" means the arrangement under the provisions of section 288 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or at the direction of the Court in the Final Order;
- (i) "**Arrangement Dissent Rights**" means the rights of dissent in respect of the Arrangement as described in the Plan of Arrangement;
- (j) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered at the GLN Meeting;
- (k) "**BCBCA**" means the *Business Corporations Act* (British Columbia) S.B.C. 2002, c. 57 as from time to time amended or re-enacted, including the regulations promulgated thereunder;
- (l) "**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of British Columbia and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business;
- (m) "**Claim**" means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;
- (n) "**Concurrent Financing**" means a private placement by GLN of subscription receipts of GLN, at a price per subscription receipt of not less than \$0.25, for gross proceeds of at least \$3,500,000;
- (o) "**Continuance Dissent Rights**" means the rights of dissent of Exito Shareholders in respect of the Continuance pursuant to the provisions of section 191 of the ABCA;
- (p) "**Court**" means the Supreme Court of British Columbia;
- (q) "**CPC Policy**" means TSXV Policy 2.4 – *Capital Pool Companies*;
- (r) "**Disclosed Information**" means all information disclosed by the parties to each other prior to the date hereof and pursuant to the GLN Disclosure and the Public Record;
- (s) "**Effective Date**" means the date that is shown on the Certificate of Amalgamation;
- (t) "**Effective Time**" means the beginning of the day on the Effective Date which, in accordance with the BCBCA, will be designated as 12:01 a.m. (Vancouver Time) on the Effective Date on any applications required to be filed with the Registrar;

- (u) "**Escrow Transfer Agreement**" means the escrow transfer agreements to be entered into between certain Exito Shareholders and GLN, pursuant to which GLN and/or its nominees shall concurrently with the closing of the Arrangement acquire 50% of the outstanding escrowed Exito Shares, at a price of \$0.17 per Exito Consolidated Share;
- (v) "**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, claim security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (w) "**Exito**" means Exito Energy II Inc., a corporation incorporated under the ABCA;
- (x) "**Exito Agent's Options**" means the 500,000 options to purchase an equivalent number of Exito Shares outstanding pursuant to an option agreement dated July 14, 2015 between Exito and Macquarie Private Wealth Inc.;
- (y) "**Exito Board**" means the board of directors of Exito;
- (z) "**Exito Consolidated Share**" means Exito Shares immediately following the Exito Consolidation;
- (aa) "**Exito Consolidation**" means the consolidation of Exito Shares on a 2 for 1 basis;
- (bb) "**Exito Consolidation Resolution**" means the special resolution of the Exito Shareholders in respect of the Exito Consolidation to be considered at the Exito Meeting;
- (cc) "**Exito Continuance**" means the continuance of Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to section 303 of the BCBCA and section 189 of the ABCA, such continuance to occur prior to or concurrently with the Arrangement;
- (dd) "**Exito Continuance Resolution**" means the special resolution of the Exito Shareholders in respect of the Exito Continuance to be considered at the Exito Meeting;
- (ee) "**Exito Governing Documents**" means the certificate and articles of incorporation of Exito, as amended to the date hereof and the by-laws of Exito;
- (ff) "**Exito Loan**" means the loan of \$25,000 from Exito to GLN, under terms and conditions agreeable between the Parties and in compliance with the policies of the TSXV;
- (gg) "**Exito Meeting**" means the annual general and special meeting, including any adjournments or postponements thereof, of the Exito Shareholders to be held, among other things, to consider, and if deemed advisable, to approve the Exito Consolidation and the Exito Continuance;
- (hh) "**Exito Options**" means the options to purchase Exito Shares outstanding under the Exito Stock Option Plan;

- (ii) "**Exito Shareholder Resolutions**" means, collectively, the Exito Continuation Resolution and the Exito Consolidation Resolution;
- (jj) "**Exito Shareholders**" means the registered holders of Exito Shares;
- (kk) "**Exito Shares**" means the common shares in the capital of Exito, as constituted on the date hereof;
- (ll) "**Exito Stock Option Plan**" means the stock option plan adopted by Exito, as amended;
- (mm) "**Final Order**" means the order of the Court approving the Arrangement under section 291 of the BCBCA, in form acceptable to GLN and Exito, each acting reasonably, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of GLN and Exito, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both GLN and Exito, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;
- (nn) "**GLN**" means Good Life Networks Inc., a corporation incorporated under the laws of British Columbia;
- (oo) "**GLN Disclosure**" means the disclosure letter executed by GLN and delivered to Exito concurrently with the execution of this Agreement;
- (pp) "**GLN Governing Documents**" means the certificate of incorporation, articles and notice of articles of GLN;
- (qq) "**GLN Material Contract**" means an agreement that is material to the business of GLN or to the equity value of GLN and to which GLN is a party or bound;
- (rr) "**GLN Meeting**" means the annual general and special meeting, including any adjournments or postponements thereof, of the GLN Shareholders to be held, among other things, to consider, and if deemed advisable, to approve the Arrangement;
- (ss) "**GLN Nominees**" means each of Michael Woodman (more commonly referred to as Jesse Dylan), Eugene Valaitis and Cliff Dumas and any other individuals as mutually agreed upon by GLN and Exito;
- (tt) "**GLN Shareholders**" means the holders of GLN Shares;
- (uu) "**GLN Shares**" means the common shares in the capital of GLN, as constituted on the date hereof;
- (vv) "**GLN Warrants**" means, collectively, the outstanding warrants to acquire GLN Shares and the outstanding GLN special warrants;
- (ww) "**Governing Documents**" means either the Exito Governing Documents, or the GLN Governing Documents, as the case may be;

- (xx) "**Governmental Entity**" means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (yy) "**IFRS**" means International Financial Reporting Standards as set by the International Accounting Standards Board;
- (zz) "**Information Circular**" means the joint management information circular of GLN and Exito to be sent by GLN and Exito to their respective shareholders in connection with the GLN Meeting and the Exito Meeting, respectively, as such information circular may be affirmed, amended or modified subject to the Agreement;
- (aaa) "**Interim Order**" means the interim order of the Court contemplated by Section 2.2, in a form acceptable to GLN and Exito, each acting reasonably, providing for, among other things, the calling and holding of the GLN Meeting, as the same may be amended, modified, supplemented or varied by the Court (with the consent of the parties, acting reasonably);
- (bbb) "**in writing**" means written information including documents, files, records, books and other materials made available, delivered or produced to a party hereto by or on behalf of another party hereto including in the course of the former's due diligence review of the latter;
- (ccc) "**Law**" means any law, by-law, rule, regulation, order, ordinance, protocol, code, guideline, policy, notice, direction and judgement or other requirement of any Governmental Entity;
- (ddd) "**Lock-Up Agreements**" means the lock-up agreements to be entered into concurrently by each of the directors and officers of Exito as holders of Exito Shares and by each of the directors and officers of GLN as holders of GLN Shares, in the form mutually agreed to by Exito and GLN, acting reasonably, pursuant to which such Exito Shareholders and GLN Shareholders agree to irrevocably vote the Exito Shares or GLN Shares, as applicable, owned or controlled by them in favour of the Arrangement and all other matters to be considered at the Exito Meeting or GLN Meeting, as applicable;
- (eee) "**Losses and Liabilities**" means, in respect of a party and in relation to a matter, any and all:
  - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which such party suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and



- (ii) liabilities and obligations (whether under common law, in equity, under Applicable Laws and Applicable Securities Laws or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such party suffers, sustains, pays or incurs, directly or indirectly, as a result of or in connection with such matter;
- (fff) "**Material Adverse Change**" means, in respect of either Exito or GLN, as the case may be, any change in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, leases, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of such party or any subsidiary, which is materially adverse to the business of such party and its subsidiaries (considered as a whole), other than a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other prior to the date hereof; (ii) that results from conditions affecting the technology sector generally; (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto;
- (ggg) "**Material Adverse Effect**", in relation to any event or change, means an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Exito or GLN, as the case may be, and their respective subsidiaries (considered as a whole); provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other; (ii) that results from conditions affecting the technology sector industry generally; or (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto;
- (hhh) "**Material Defect**" means any Losses and Liabilities reasonably expected to be incurred by Exito or GLN relating to the financial condition, operations, assets, liabilities, or business of Exito or GLN and identified by either party prior to the Effective Time;
- (iii) "**Meetings**" means collectively, the GLN Meeting and the Exito Meeting;
- (jjj) "**Outside Date**" means April 28, 2017 or such other date as may be agreed to in writing by the Parties;
- (kkk) "**Plan of Arrangement**" means the plan of arrangement substantially in the form and content set out in Schedule A hereto and any amendment or variation thereto made in accordance with section 6.1 of the Plan of Arrangement or Sections 9.1 and 9.2 of this Agreement;
- (lll) "**Person**" means any individual (or group of individuals) corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other legal entity;



- (mmm) "**Public Record**" means all documents or information filed by or on behalf of Exito, in compliance with or intended compliance with applicable Laws and which are accessible by a member of the general public through the System for Electronic Document Analysis and Retrieval (SEDAR) website maintained by the Canadian Securities Administrators;
- (nnn) "**Registrar**" means the Registrar of Companies or a Deputy Registrar of Companies appointed under the BCBCA;
- (ooo) "**Returns**" shall mean all reports, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;
- (ppp) "**Securities Authorities**" means the Alberta Securities Commission and the other applicable securities regulatory authorities in Canada collectively;
- (qqq) "**subsidiary**" has the meaning set forth in the BCBCA;
- (rrr) "**Superior Proposal**" means an unsolicited *bona fide* written Acquisition Proposal that, if consummated in accordance with the terms thereof, would result in a transaction more favourable from a financial point of view to the GLN Shareholders than the Arrangement;
- (sss) "**Taxes**" shall mean, with respect to any person, all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing;
- (ttt) "**Transitional Services Agreement**" means a transitional services agreement to be entered into between Amalco (as defined in the Plan of Arrangement) and certain directors, officers and/or insiders of Exito, or an entity controlled by such parties, providing for the provision of certain transitional services to be provided by such person(s) for the benefit of Amalco following the Effective Date;
- (uuu) "**TSXV**" means the TSX Venture Exchange; and
- (vvv) "**U.S. Securities Act**" means the *United States Securities Act* of 1933, as amended.

In addition, words and phrases used but not otherwise defined herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

## **1.3 Number, Gender and Persons**

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing a person or persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

## **1.4 Date for any Action**

If the date on which any action is required to be taken hereunder by any party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## **1.5 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute, regulation or rule in force from time to time and any statute or regulation that supplements or supersedes such statute, regulation or rule.

## **1.6 Currency**

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

## **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the parties hereto waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties hereto will engage in good faith negotiations to replace any provision hereof which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which approximates as much as possible the invalid or unenforceable provision which it replaces.

## 1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS, consistently applied.

## 1.9 Knowledge

Where the phrase "to the best of the knowledge" is used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the collective knowledge of the senior officers of the party making the representation and warranty after having conducted an actual investigation as to the subject matter relating thereto, with the level of such investigation in each case being that of a reasonably prudent person investigating a material consideration in the context of a material transaction, and the use of such phrase herein shall constitute a representation and warranty by the party making the representation and warranty in each case that such investigation has been actually made.

## 1.10 Schedule

The following schedule is attached to, and is deemed to be incorporated into and forms part of, this Agreement:

Schedule	Matter
A	Plan of Arrangement

## ARTICLE 2 THE ARRANGEMENT

### 2.1 Plan of Arrangement

- (a) The Parties agree to carry out the Arrangement pursuant to which (among other things) each GLN Shareholder (other than those GLN Shareholders who have validly exercised Arrangement Dissent Rights) shall receive, for each 1 GLN Share, 0.2601 of an Exito Consolidated Share (the "**Exchange Ratio**"). For greater certainty, in the event that the Exito Consolidation Resolution is not approved at the Exito Meeting or not completed prior to the Effective Time for any reason, then the Exchange Ratio shall be adjusted such that GLN Shareholders shall receive, for each 1 GLN Share, 0.5202 of an Exito Share.
- (b) The Arrangement has been and shall continue to be structured and carried out such that the exchange of securities pursuant to the Arrangement: (i) will be made in compliance with Applicable Securities Laws; and (ii) assuming the Arrangement Resolution is approved and the Final Order is obtained, will not require registration under the U.S. Securities Act, in reliance on the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act.

- (c) GLN will file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the GLN Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and related matters to be considered at the GLN Meeting.
- (d) Provided all necessary approvals for the Arrangement Resolution are obtained from the GLN Shareholders and all necessary approvals for the Exito Shareholder Resolutions are obtained from the Exito Shareholders, Exito shall, with the cooperation and assistance of GLN, complete the Exito Continuance and following the completion of the Exito Continuance, GLN shall, with the cooperation and assistance of Exito, submit the Arrangement to the Court and apply for the Final Order.
- (e) Upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 8, GLN shall execute and deliver such closing documents and instruments and forthwith proceed at the Effective Time to file with the Registrar, the Final Order and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any further act or formality.
- (f) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about April 3, 2017 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

## **2.2 Interim Order and the GLN Meeting**

GLN agrees that on or before February 21, 2017 or such later date as the Parties may agree in writing, GLN shall apply in a manner reasonably acceptable to Exito pursuant to the provisions under Division 5 of Part 9 of the BCBCA and, in cooperation with Exito, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the GLN Meeting, including the record date for determining the Persons to whom notice of the GLN Meeting is to be provided and for determining the Persons entitled to vote at the GLN Meeting;
- (b) that the securities of GLN for which holders as at the record date established for the GLN Meeting shall be entitled to vote on the Arrangement Resolution shall be the GLN Shares;
- (c) that all GLN Shareholders as at the record date established for the GLN Meeting shall be entitled to vote on the Arrangement Resolution, with each GLN Shareholder being entitled to one vote for each GLN Share held by it;
- (d) that the requisite level of approval for the Arrangement Resolution shall be at least two-thirds of the aggregate votes cast on the Arrangement Resolution by those GLN Shareholders present in person or represented by proxy and entitled to vote at the GLN Meeting; and (ii) if required by;

(e) that, in all other respects, the terms, restrictions and conditions of the constating documents of GLN, including quorum requirements and all other matters, shall apply in respect of the GLN Meeting, except as modified by the Interim Order;

(f) for the grant of Arrangement Dissent Rights to the GLN Shareholders in the manner set forth in Plan of Arrangement and the Interim Order;

(g) for the notice requirements with respect to the application by GLN to the Court for the Final Order; and

(h) that the GLN Meeting may be adjourned or postponed from time to time by GLN with the consent of GLN without the need for additional approval of the Court.

In pursuing the application for the Interim Order in respect of the Arrangement, GLN shall advise the Court that it is GLN's intention to rely upon the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act with respect to the issuance and distribution of Exito Consolidated Shares pursuant to the Arrangement, based on the Court's approval of the Arrangement.

### **2.3 Exito Options**

The Parties agree that, in accordance with Section 7.6 of the CPC Policy, all Exito Options shall remain valid and exercisable until twelve months after the Effective Date.

### **2.4 Adjustments in the Share Exchange Ratio**

If, between the date of this Agreement and the Effective Time, the outstanding GLN Shares or Exito Shares are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, then the Exchange Ratio (as defined in the Plan of Arrangement) shall be appropriately adjusted. Notwithstanding the foregoing, GLN and Exito expressly agree and acknowledge that any cancellation of seed shares held by any officers, directors or insiders of Exito at the request of the TSXV shall not require any adjustment to the Exchange Ratio under this Section 2.4.

### **2.5 Material Defect Adjustment**

Further to Section 2.4, in the event that the total value of the Material Defect of a Party is equal to or greater than \$300,000, the Share Exchange Ratio shall be adjusted in favour of the other Party, taking into the account the total value of such Material Defect. In the event that both Parties have Material Defects equal to or greater than \$300,000 then the difference in the value of the Material Defects of the Parties will be set off against each other and if the remaining value of the Material Defect is equal to or greater than \$300,000, then the Share Exchange Ratio shall be adjusted in favour of the Party with a lesser Material Defect.

## 2.6 Information Circular, GLN Meeting and Exito Meeting

- (a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, including Applicable Securities Laws:
- (i) GLN and Exito shall prepare the Information Circular together with any other documents required by Applicable Laws in connection with the GLN Meeting and Exito Meeting, in consultation with, and with assistance from the Other Party;
  - (ii) GLN and Exito shall cause the Information Circular to be mailed to GLN Shareholders and the Exito Shareholders, respectively, and other Persons as may be required pursuant to the Interim Order and Applicable Laws, and filed with applicable Governmental Entities in all jurisdictions where the same is required to be mailed and filed; and
  - (iii) each of GLN and Exito shall convene and hold the GLN Meeting and the Exito Meeting, respectively, and shall use its reasonable commercial efforts to do so by March 23, 2017, and shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) such meetings without the prior written consent of the other party except:
    - (A) as required for quorum purposes (in which case the GLN Meeting and the Exito Meeting shall be adjourned and not cancelled) or by Applicable Laws or by a Governmental Entity; or
    - (B) for an adjournment or postponement with the prior written consent of the other party for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution or an adjournment or postponement pursuant to Section 5.4(b);
- (b) Each of GLN and Exito shall, in a timely manner, furnish each other with the GLN Information and Exito Information, as the case may be, required to be included in the Information Circular pursuant to Applicable Securities Laws.
- (c) GLN and Exito shall cooperate in the preparation, filing and mailing of the Information Circular. GLN and Exito will provide each other and their respective representatives with a reasonable opportunity to review and comment on the Information Circular and any other relevant documentation and shall incorporate all reasonable comments made in connection therewith; and the Information Circular shall be reasonably satisfactory to the Parties and their respective counsel before it is filed or distributed to the shareholders of GLN and Exito.
- (d) The Parties agree that the Information Circular will contain such information and disclosure as is determined to be necessary, in the sole determination of Exito, such that Exito will be able to conduct its annual general and special meeting business at the Exito Meeting, including, but not limited to, ratification of the Exito Option Plan, if necessary, and putting forward a slate of director nominees for election to the Exito Board that does not include the GLN Nominees if the GLN Shareholders do not approve the Arrangement



Resolution at the GLN Meeting or if the Exito Shareholders do not approve any of the Exito Shareholder Resolutions.

- (e) The Parties agree that the Information Circular will contain such information and disclosure as is determined to be necessary, in the sole determination of GLN, such that GLN will be able to conduct its annual general and special meeting business at the GLN Meeting, including, but not limited to, putting forward a slate of director nominees for election to the GLN Board that does not include the Exito Nominees if the GLN Shareholders do not approve the Arrangement Resolution at the GLN Meeting.

## **2.7 Preparation of Filings**

- (a) Exito and GLN shall cooperate in:
  - (i) seeking the Interim Order and the Final Order, including by Exito providing GLN on a timely basis any information required to be supplied by Exito concerning itself in connection therewith. GLN shall provide legal counsel to Exito with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. GLN shall also provide legal counsel to Exito on a timely basis with copies of any notice of appearance and evidence served on GLN or its legal counsel in respect of the application for the Final Order or any appeal therefrom. Subject to Applicable Laws, GLN shall not file any material with the Court or any Governmental Authority in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Exito's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Exito to agree or consent to any increase in the consideration to be received by GLN Shareholders or other modification or amendment to such filed or served materials that expands or increases Exito's obligations, or diminishes or limits Exito's rights, set forth in any such filed or served materials or under this Agreement; and
  - (ii) the taking of all such action as may be required under the ABCA, the BCBCA, Applicable Securities Laws and U.S. Securities Act in connection with the transactions contemplated by this Agreement and the Plan of Arrangement and the taking of all such action as may be required under the ABCA, the BCBCA, Applicable Securities Laws and the U.S. Securities Act in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
  - (iii) Each of Exito and GLN shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in Section 2.1 and the foregoing provisions of this Section 2.7, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any misrepresentation.

## 2.8 Employees

- (a) Unless otherwise agreed among the Parties prior to the Effective Date, the employment of all employees and officers of GLN (the "**Continuing Employees**") will be assumed by Exito. At the Effective Time, the Continuing Employees, unless their employment is terminated, shall continue their employment on the terms and conditions comparable (excluding consideration of long term incentive plans), in the aggregate, to the terms and conditions on which they are currently employed.
- (b) GLN shall use its commercially reasonable efforts to cause the resignation of all of the directors and officers of GLN and its subsidiaries at or immediately following the Effective Time.

## 2.9 Exito Officers

The Parties agree that, immediately following the completion of the Arrangement, the Exito Board, as it exists at that time, shall appoint Michael Woodman (more commonly referred to as Jesse Dylan), President and CEO; Konstantin Lichtenwald, CFO; Cliff Dumas, VP Operations and Corporate Secretary; and Cornel Fota, CTO, of Exito, and any other individuals appointed to such offices as mutually agreed upon by GLN and Exito.

## 2.10 Effective Date

The Arrangement shall become effective at the Effective Time. GLN shall use its reasonable commercial efforts to: (a) mail the Information Circular to the GLN Shareholders by March 1, 2017; (b) hold the GLN Meeting by March 23, 2017; and (c) cause the Effective Date to occur on or about April 3, 2017 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

## 2.11 Dissenting Shareholders

Registered GLN Shareholders entitled to vote at the GLN Meeting may exercise Arrangement Dissent Rights with respect to their GLN Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. GLN shall promptly give Exito notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by GLN and promptly provide Exito with copies of such notices and written objections and all other correspondence related thereto.

## 2.12 Consultation

Exito and GLN agree to consult with each other prior to issuing any press release or otherwise making any public statement with respect to this Agreement or the Arrangement or making any filing with any federal, provincial or state governmental or regulatory agency or with any stock exchange with respect thereto.



### **2.13 Pre-closing**

Unless this Agreement is terminated pursuant to the provisions hereof, Exito and GLN shall meet at the offices of GLN's legal counsel, DuMoulin Black, at 10:00 a.m. on the day immediately prior to the Effective Date or at such other time or on such other date as they may mutually agree upon and each of them shall then table the documents required to be delivered by such party hereunder to complete the transaction contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released at the Effective Time, upon the Arrangement becoming effective.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF GLN**

GLN hereby represents and warrants to Exito as follows and acknowledges that Exito is relying upon such representations and warranties in connection with the entering into of this Agreement and performance of its obligations hereunder.

### **3.1 Organization and Qualification**

GLN is a corporation duly incorporated and validly existing under the laws of British Columbia and has the requisite corporate power and authority to carry on business as it is now being conducted. GLN is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect. No proceedings have been taken or authorized by GLN or its shareholders in respect of bankruptcy, insolvency, liquidation, dissolution or winding up of GLN.

### **3.2 Capacity and Power**

GLN has all necessary corporate power, authority and capacity to own or leases its assets and to carry on its business as being currently conducted.

### **3.3 Authority Relative to this Agreement**

Subject to receipt of the approval of the GLN Shareholders to the Arrangement, GLN has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by GLN of the transactions contemplated hereby have been duly authorized by the board of directors of GLN and no other corporate proceedings or other third party consents on the part of GLN are or will be necessary to authorize the performance of its obligations under this Agreement and the completion of the transactions contemplated hereby other than the approval of the board of directors of the Information Circular and the documents to be filed in connection with the Interim Order and the Final Order, approval of the GLN Shareholders of the Arrangement as contemplated by the Interim Order and such other matters as are necessary under the BCBCA and the Interim Order and the Final Order to consummate the Arrangement and such other regulatory approvals as may be required. This Agreement has been duly executed and

delivered by GLN and constitutes a legal, valid and binding obligation of GLN enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to the general principles of equity.

### **3.4 No Violations**

- (a) The execution and delivery of and the performance of and compliance with the terms of this Agreement and the performance of any of the transactions contemplated hereby by GLN does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default, or entitle a party to terminate, accelerate, modify or call any obligations under any term or provision of the GLN Governing Documents or, any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which GLN is a party or by which GLN is bound, or any law, judgement, decree, order, statute, rule or regulation applicable to GLN, which default or breach might reasonably be expected to have a Material Adverse Effect on GLN or the ability of GLN to complete the transactions contemplated hereby.
- (b) There is no legal impediment to GLN's consummation of the transactions contemplated by this Agreement and no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required by GLN in connection with the transactions contemplated hereby, except for (i) consents or approvals required by the Interim Order or the Final Order, and such other regulatory approvals as may be required, (ii) filings with the Registrar under the BCBCA and filings with and approvals required by Securities Authorities and stock exchanges, (iii) any other consent, waiver, permit, order or approval referred to in Section 8.1 hereof and (iv) such filings or registrations which, if not made, or such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on the ability of GLN to consummate the transactions contemplated hereby.

### **3.5 Capitalization of GLN**

As of the date hereof, the authorized share capital of GLN consists of an unlimited number of GLN Shares. As of the date hereof, 100,187,221 GLN Shares are issued and outstanding. As of the date hereof, GLN Warrants to acquire an aggregate of 2,699,200 GLN Shares have been issued. Other than pursuant to this Agreement and except as set forth above, there are no options, warrants or other rights, agreements or commitments of any character whatsoever (contingent or otherwise) requiring the issuance, sale or transfer by GLN of any shares of GLN or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire GLN Shares, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attribute of GLN. All outstanding GLN Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all GLN Shares issuable upon exercise of outstanding GLN Warrants in accordance with their terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.

### **3.6 No Material Adverse Change or Other Matters**

Other than as disclosed in the Disclosed Information, since June 30, 2016, GLN has: (i) not amended the GLN Governing Documents; (ii) not disposed of any property or assets out of the ordinary course of business; (iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practice; (iv) not suffered any Material Adverse Change or any occurrences or circumstances which have resulted or might reasonably be expected to result in a Material Adverse Change; (v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained; (vi) maintained in effect salary and other compensation levels in accordance with its then existing salary administration program; (vii) not entered into any agreements, whether in writing or verbal, providing for payments to be made to any employees, consultants, officers or directors of GLN in respect of loss of office or loss of employment in connection with the transactions contemplated hereby; or (viii) not entered into any agreement or transactions with any director, officer, employee, consultant or any party not at arm's length with GLN except as contemplated hereunder or in connection with the consummation of the Arrangement.

### **3.7 Board Determination**

The board of directors of GLN: (i) has determined that the Arrangement is fair to the GLN Shareholders (ii) has determined that the Arrangement is in the best interests of GLN and the GLN Shareholders; (iii) has unanimously approved the Arrangement and the execution and performance of this Agreement; and (iv) has resolved to unanimously recommend that GLN Shareholders vote in favour of the Arrangement.

### **3.8 No Undisclosed Material Liabilities**

Except: (a) as disclosed or reflected in the draft financial statements of GLN as at and for the period ended December 31, 2015, or as set forth or included in the Disclosed Information; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice, or (ii) pursuant to the terms of this Agreement, GLN, to the best of its knowledge, has not incurred any liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by IFRS to be reflected on a balance sheet of GLN) that have constituted or would be reasonably likely to constitute a Material Adverse Change.

### **3.9 Brokerage Fees**

GLN has not retained nor will it retain, without Exito's written (such consent not to be unreasonably withheld), any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.

### **3.10 Financial Statements**

GLN's draft financial statements as at and for the period ended December 31, 2015 have been prepared in accordance with IFRS and to the best of the knowledge of GLN, have been prepared in accordance with IFRS (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of GLN's independent auditors, or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present the financial position, results of operations and changes in financial position and all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of GLN as of the dates thereof and for the periods indicated therein.

### **3.11 Subsidiaries**

GLN has no direct or indirect, wholly-owned or partially-owned subsidiaries other than Good Life Networks (USA) Inc., of which GLN holds a 60% interest.

### **3.12 Compliance with Law**

GLN has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, give rise to a Material Adverse Effect or materially affect the ability of GLN to perform its material obligations hereunder.

### **3.13 Material Agreements**

All agreements, permits, licenses, approvals, certificates or other rights or authorizations material to the conduct of GLN's business are valid and subsisting and GLN is not in material default under any such agreements, permits, licences, approvals, certificates and other rights and authorizations except where a failure to hold such licenses or the result of any such default would not have a Material Adverse Effect or materially affect or delay the ability of GLN to perform its material obligations hereunder. The GLN Disclosure contains a list of all GLN Material Contracts. GLN has made available to Exito true and complete copies of all GLN Material Contracts. GLN is not in default or breach of any GLN Material Contract, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach (subject to obtaining the consents specified in the GLN Disclosure). No counterparty to any GLN Material Contract is in default of any of its obligations under any GLN Material Contract, GLN is entitled to all benefits under each GLN Material Contract, and GLN has not received any notice of termination of any GLN Material Contract.

### **3.14 Employment Agreements**

Except as set out in the Disclosed Information, GLN is not a party to any written employment or consulting agreement or any verbal employment or consulting agreement which cannot be terminated without cause upon giving such notice as may be required by law and without the payment of any additional amount or any written agreement that provides for a payment by GLN on a change of control of GLN or severance of employment and GLN agrees

not to amend the terms and conditions of any of the foregoing agreements that were set forth or included in the Disclosed Information.

### **3.15 Employee Benefit Plans**

Except as set out in the Disclosed Information, GLN does not have any employee benefit plans, other than health, dental, vision and short and long term disability plans of general application, and has made no promises with respect to increased benefits under such plans.

### **3.16 Books and Records**

The corporate records and minute books of GLN have been maintained in accordance with all applicable statutory requirements and are complete and up to date in all material respects.

### **3.17 Reporting Issuer Status**

GLN is not a "reporting issuer" or the equivalent under securities laws of any jurisdiction of Canada and the GLN Shares are not listed on any stock exchange in Canada or elsewhere.

### **3.18 No Orders**

No securities commission or similar regulatory authority or stock exchange, in Canada or the United States, has issued any order which is currently outstanding preventing or suspending trading in any securities of GLN, no such proceeding is, to the best of the knowledge of GLN, pending, contemplated or threatened and GLN is not in default of any requirement of any securities laws, rules or policies applicable to GLN or its securities.

### **3.19 Disclosure to Exito**

The data and information in respect of GLN and its business and operations provided by GLN to Exito was and is accurate and correct in all material respects as of the respective dates thereof and GLN has not omitted to provide to Exito any material information necessary in order for any information provided by GLN to Exito not to be misleading in any material way.

### **3.20 Litigation**

Except as set out in the Disclosed Information, to the best of the knowledge of GLN, there are no actions, suits or proceedings pending, or to the knowledge of GLN, threatened against GLN before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves the possibility of any judgement against GLN and if determined adversely to GLN, would have a Material Adverse Effect.

### **3.21 Title to Assets**

GLN owns, possesses and has good and marketable title to all of the undertakings, property and assets necessary for it to carry on its business as it is currently operated.

### **3.22 Intellectual Property**

The GLN Disclosure includes a list of all Intellectual Property that is registered with any Governmental Authority and that is used in connection with the conduct of GLN's business, and includes the jurisdictions (if any) in which that Intellectual Property is registered (or in which application for registration has been made) and the applicable expiry dates of all listed registrations. All necessary legal steps have been taken by GLN to preserve its rights to the Intellectual Property listed in the GLN Disclosure Letter. The GLN Disclosure also includes a list of all licence agreements under which GLN has been granted a right to use, or otherwise exploit, Intellectual Property owned by third parties. The Intellectual Property that is owned by GLN is owned free and clear of any Encumbrances, and no Person other than GLN has any right to use that Intellectual Property except as disclosed in the GLN Disclosure. The use by GLN of any Intellectual Property owned by third parties is valid, and GLN is not in default or breach of any licence agreement relating to that Intellectual Property, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach. The conduct by GLN of its business does not infringe the Intellectual Property of any Person.

### **3.23 Anti-Corruption**

None of GLN or any of its current or former directors, officers, employees or agents or any other Person acting on behalf of GLN has violated, or been involved in any legal proceeding regarding unlawful conduct under, any Laws prohibiting bribery or corruption, including the *Corruption of Foreign Public Officials Act* (Canada) and the *Foreign Corrupt Practices Act* (United States). GLN has anti-corruption policies and procedures in place and has effectively communicated those policies to all of its directors, officers, employees and agents and any other Person acting on behalf of GLN.

### **3.24 Money Laundering**

GLN is, and at all times has been, conducting its business in compliance with the financial record-keeping and reporting requirements of anti-money laundering Laws, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

### **3.25 Tax Matters**

- (a) All Returns required to be filed by or on behalf of GLN have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and to the best of the knowledge of GLN, no other Taxes are payable by GLN with respect to items or periods covered by such Returns.



- (b) For all periods covered by the filed tax Returns disclosed in the Disclosed Information, Exito has been furnished by GLN with true and complete copies of (i) the relevant portions of income tax audit reports, statements of deficiencies, closing or other agreements received by GLN or on behalf of GLN relating to Taxes and, (ii) all federal, provincial, state, local or foreign income or franchise tax Returns for GLN.
- (c) No material deficiencies exist or have been asserted with respect to Taxes of GLN. GLN is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against GLN or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of GLN. The Returns of GLN have not been audited by a government or taxing authority since GLN's incorporation, nor is any such audit in process, pending or threatened.
- (d) GLN has paid or provided adequate accruals, if applicable, in its draft financial statements for the year ended December 31, 2015 for Taxes in accordance with IFRS.
- (e) All filings made by GLN under which it has received or is entitled to government incentives have been made in all material respects in accordance with all applicable legislation and contain no misrepresentations of material fact and do not omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed.
- (f) GLN has withheld as required by law and duly remitted on a timely basis all Taxes, withholdings, deductions, levies or other amounts which it is required to withhold or remit, including remittances with respect to income tax, withholding tax, GST, HST and employee source deductions. All instalments on account of Taxes due and payable with respect to periods ending on or before the Effective Date have been paid by GLN and GLN has made adequate provision of Taxes payable by it in respect of any period ending on or before the Effective Date for which Returns have not been filed.

### **3.26 Guarantees**

GLN is not a party to or bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers and directors pursuant to its by-laws and standard indemnity agreements and pursuant to the standard indemnity provisions in underwriting, agency or financial advisor agreements), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation other than as set out in the Disclosed Information.

### **3.27 U.S. Matters**

- (a) GLN currently holds no assets (on a book-value basis) located in the United States and had no sales in or from the United States in its most recently completed fiscal year;
- (b) less than 50% of GLN's outstanding voting securities are directly or indirectly owned by residents of the United states;
- (c) the majority of GLN's officers and directors are not United States citizens or residents;

- (d) less than 50% of GLN's assets are located in the United States; and
- (e) the business of GLN is not administered principally in the United States.

### **3.28 Information Circular**

The information, data and other material (financial or otherwise) in respect of GLN furnished by GLN to be included in the Information Circular will be complete and correct in all material respects at the date thereof and will not contain any misrepresentations (as defined in the *Securities Act* (British Columbia)) or any untrue statement of a material fact in respect of GLN and will not omit to state a material fact in relation to GLN necessary to make such information not misleading in light of the circumstances under which it is presented.

### **3.29 Voting Arrangements**

To the best of the knowledge of GLN, neither GLN nor any of the GLN Shareholders is a party to any unanimous shareholder agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of GLN.

### **3.30 Rights Plan**

GLN does not have in place a shareholder rights protection plan.

### **3.31 Non-Arm's Length Debt**

No director, officer, insider or other party not at arm's length to GLN is indebted to GLN and GLN is not a party to or bound by any agreement, guarantee, indemnification or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.

### **3.32 Non-Arm's Length Interests**

No director, officer, insider or other non-arm's length party to GLN, or any associate or affiliate thereof, has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty, interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of GLN which will be effective after the Effective Date.

### **3.33 Insurance**

As at the date hereof, there are no policies of insurance in force naming GLN as an insured.



## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF EXITO**

Exito hereby represents and warrants to GLN as follows and acknowledges that GLN is relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder.

### **4.1 Organization and Qualification**

Exito is a corporation duly incorporated and validly existing under the laws of Alberta and has the requisite corporate power and capacity to carry on its business as it is now being conducted. Exito is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect. No proceedings have been taken or authorized by Exito or its shareholders in respect of bankruptcy, insolvency, liquidation, dissolution or winding up of Exito.

### **4.2 Capacity and Power**

Exito has all necessary corporate power, authority and capacity to own or leases its assets and to carry on its business as being currently conducted.

### **4.3 Authority Relative to this Agreement**

Subject to receipt of the approval of the Exito Shareholders to the Arrangement, Exito has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Exito of the transactions contemplated hereby have been duly authorized by the board of directors of Exito and no other corporate proceedings or other third party consents on the part of Exito are or will be necessary to authorize the performance of its obligations under this Agreement and the completion of the transactions contemplated hereby other than the approval of the board of directors of the Information Circular and the documents to be filed in connection with the Interim Order and the Final Order, approval of the Exito Shareholders of the Arrangement as contemplated by the Interim Order and such other matters as are necessary under the BCBCA and the Interim Order and the Final Order to consummate the Arrangement and such other regulatory approvals as may be required. This Agreement has been duly executed and delivered by Exito and constitutes a legal, valid and binding obligation of Exito enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to the general principles of equity.

### **4.4 No Violations**

- (a) The execution and delivery of and the performance of and compliance with the terms of this Agreement and the performance of any of the transactions contemplated hereby by Exito does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under any term or provision of the

Exito Governing Documents, or, subject to Exito' bankers' consent to the Arrangement, any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which Exito is a party or by which Exito is bound, or any law, judgement, decree, order, statute, rule or regulation applicable to Exito, which default or breach might reasonably be expected to have a Material Adverse Effect on Exito or the ability of Exito to complete the transactions contemplated hereby.

- (b) There is no legal impediment to Exito' consummation of the transactions contemplated by this Agreement and no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required by Exito in connection with the transactions contemplated hereby, except for (i) consents or approvals required by the Interim Order or the Final Order, and such other regulatory approvals as may be required, (ii) filings with the Registrar under the BCBCA and filings with and approvals required by Securities Authorities and stock exchanges, (iii) any other consent, waiver, permit, order or approval referred to in Section 8.1 hereof and (iv) such filings or registrations which, if not made, or such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on the ability of Exito to consummate the transactions contemplated hereby.

#### **4.5 Capitalization of Exito**

As of the date hereof, the authorized share capital of Exito consists of an unlimited number of Exito Shares and an unlimited number of preferred shares. As of the date hereof, 8,000,000 Exito Shares and no preferred shares are issued and outstanding. As of the date hereof, Exito Options to acquire an aggregate of 1,000,000 Exito Shares have been granted and are outstanding and Exito Agent's Options to acquire an aggregate of 500,000 Exito Shares have been granted and are outstanding. Other than pursuant to this Agreement and except as set forth above, there are no options, warrants or other rights, agreements or commitments of any character whatsoever (contingent or otherwise) requiring the issuance, sale or transfer by Exito of any shares of Exito or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire Exito Shares, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attribute of Exito. All outstanding Exito Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Exito Shares issuable upon exercise of outstanding Exito Options in accordance with their terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.

#### **4.6 Board Approval**

The board of directors of Exito has unanimously approved the Arrangement and the entering into of this Agreement.

#### **4.7 No Material Adverse Change and Other Matters**

Other than as disclosed in the Disclosed Information, since June 30, 2016, Exito has: (i) not amended the Exito Governing Documents; (ii) not disposed of any property or assets

out of the ordinary course of business; (iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practice; (iv) not suffered any Material Adverse Change or any occurrences or circumstances which have resulted or might reasonably be expected to result in a Material Adverse Change; (v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained; (vi) maintained in effect salary and other compensation levels in accordance with its then existing salary administration program; or (vii) not entered into any agreement or transactions with any director, officer, employee, consultant or any party not at arm's length with Exito except as contemplated hereunder or in connection with the consummation of the Arrangement.

#### **4.8 No Undisclosed Material Liabilities**

Except: (a) as disclosed or reflected in the audited financial statements of Exito as at and for the period ended December 31, 2015, or in the unaudited financial statements of Exito as at and for the period ended June 30, 2016, or as set forth or included in the Disclosed Information; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice, or (ii) pursuant to the terms of this Agreement, Exito, to the best of its knowledge, has not incurred any liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by IFRS to be reflected on a balance sheet of Exito) that have constituted or would be reasonably likely to constitute a Material Adverse Change.

#### **4.9 Brokerage Fees**

Exito has not retained nor will it retain, without GLN's written consent not to be unreasonably withheld, any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, or any transaction contemplated hereby or any transaction presently ongoing or contemplated, except an advisor, if Exito so determines, to provide financial advisory services or to provide a fairness opinion.

#### **4.10 Financial Statements**

Exito' audited financial statements as at and for the period ended December 31, 2015 have been prepared in accordance with IFRS and to the best of the knowledge of Exito, its unaudited financial statements as at and for the period ended September 30, 2016, have been prepared in accordance with IFRS (except: (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Exito' independent auditors; or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present the financial position and condition, results of operations and changes in financial position and all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Exito as of the date thereof and for the period indicated therein (subject, in the case of any unaudited financial statements, to year end audited adjustments in accordance with IFRS).

**4.11 Subsidiaries**

Exito has no direct or indirect, wholly-owned or partially-owned subsidiaries.

**4.12 Compliance with Law**

Exito has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, give rise to a Material Adverse Effect or materially affect the ability of Exito to perform its material obligations hereunder.

**4.13 Material Agreements**

All agreements, permits, licenses, approvals, certificates or other rights or authorizations material to the conduct of Exito' business are valid and subsisting and Exito is not in material default under any such agreements, permits, licences, approvals, certificates and other rights and authorizations except with a failure to hold such licenses or the result of any such default would not have a Material Adverse Effect or materially affect or delay the ability of Exito to perform its material obligations hereunder.

**4.14 Books and Records**

The corporate records and minute books of Exito have been maintained in accordance with all applicable statutory requirements and are complete and up to date in all material respects.

**4.15 Reporting Issuer Status**

Exito is a "reporting issuer" or the equivalent under securities laws of the Provinces of British Columbia and Alberta and to the best of the knowledge of Exito, is not in default of its obligations as a reporting issuer in such jurisdictions and the Exito Shares are listed and posted for trading on the TSXV and Exito is in material compliance with all rules, regulations and by-laws of the TSXV.

**4.16 Public Disclosure**

To the best knowledge of Exito, all documents or information sent by or on behalf of Exito to the Exito Shareholders or otherwise filed with regulatory authorities in Canada did not, as of their respective dates, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and no material change has occurred in relation to Exito which is not disclosed in the Public Record. Exito has not filed any confidential material change reports which continue to be confidential. Exito is in compliance with the filing and certification requirements of each of National Instrument 51-102 (Continuous Disclosure Obligations) and Multilateral Instrument 52-109 (Certificate of Disclosure in Issuers' Annual and Interim Filings).

**4.17 No Orders**

No securities commission or similar regulatory authority or stock exchange, in Canada or the United States, has issued any order which is currently outstanding preventing or suspending trading in any securities of Exito, no such proceeding is, to the knowledge of Exito, pending, contemplated or threatened and Exito is not, to the best of its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Exito or its securities.

**4.18 Disclosure to GLN**

The data and information in respect of Exito and its business and operations provided by Exito to GLN was and is accurate and correct in all material respects as of the respective dates thereof and Exito has not omitted to provide to GLN any material information necessary in order for any information provided by Exito to GLN not to be misleading in any material way.

**4.19 Litigation**

Except as disclosed in the Public Record, there are no actions, suits or proceedings pending, or to the knowledge of Exito, threatened against Exito before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves the possibility of any judgement against Exito and if determined adversely to Exito, would have a Material Adverse Effect.

**4.20 Title to Assets**

Exito owns, possesses and has good and marketable title to all of the undertakings, property and assets necessary for it to carry on its business as it is currently operated.

**4.21 Tax Matters**

- (a) All Returns required to be filed by or on behalf of Exito have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Exito with respect to items or periods covered by such Returns.
- (b) For all periods covered by the filed tax Returns disclosed in the Disclosed Information, GLN has been furnished by Exito with true and complete copies of (i) the relevant portions of income tax audit reports, statements of deficiencies, closing or other agreements received by Exito or on behalf of Exito relating to Taxes and, (ii) all federal, provincial, state, local or foreign income or franchise tax Returns for Exito.
- (c) No material deficiencies exist or have been asserted with respect to Taxes of Exito. Exito is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Exito or any of its assets. No waiver or

extension of any statute of limitations is in effect with respect to Taxes or Returns of Exito. The Returns of Exito have not been audited by a government or taxing authority since Exito's incorporation, nor is any such audit in process, pending or, to the knowledge of Exito, threatened.

- (d) Exito has paid or provided adequate accruals in its financial statements for the three months ended June 30, 2016 for Taxes in accordance with IFRS.
- (e) All filings made by Exito under which it has received or is entitled to government incentives have been made in all material respects in accordance with all applicable legislation and contain no misrepresentations of material fact and do not omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed.

#### **4.22 Debt/Working Capital**

As at June 30, 2016, Exito had working capital of not less than \$475,000.

#### **4.23 Guarantees**

Exito is not a party to or bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers and directors pursuant to its by-laws and standard indemnity agreements and pursuant to the standard indemnity provisions in underwriting, agency or financial advisor agreements), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.

#### **4.24 Information Circular**

The information, data and other material (financial or otherwise) in respect of Exito to be included in the Information Circular will be complete and correct in all material respects at the date thereof and will not contain any misrepresentations (as defined in the *Securities Act* (Alberta)) or any untrue statement of a material fact in respect of Exito and will not omit to state a material fact in relation to Exito necessary to make such information not misleading in light of the circumstances under which it is presented and shall contain all information in respect of Exito and the Exito Shares required by applicable Laws to be included in the Information Circular.

#### **4.25 Non-Arm's Length Debt**

No director, officer, insider or other party not at arm's length to Exito is indebted to Exito and Exito is not a party to or bound by any agreement, guarantee, indemnification or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.



#### **4.26 Non-Arm's Length Interests**

No director, officer, insider or other non-arm's length party to Exito, or any associate or affiliate thereof, has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty, interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Exito which will be effective after the Effective Date.

#### **4.27 Insurance**

The policies of insurance in force at the date hereof naming Exito as an insured and as disclosed in the Disclosed Information adequately covers all risks reasonably and prudently foreseeable in the operation and conduct of the business of Exito which would be customary in the business carried on by Exito, and to the knowledge of Exito, all such policies and insurance remain in force and effect and should not be cancelled or otherwise terminated as a result of the transactions contemplated herein.

### **ARTICLE 5 CONDUCT OF BUSINESS**

#### **5.1 Conduct of Business**

Each of Exito and GLN covenants and agrees that, during the period from the date of this Agreement until the earlier of: (i) the Effective Time; or (ii) the date that this Agreement is terminated, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement, except with the written consent of the other party hereto (not to be unreasonably withheld):

- (a) it shall conduct its business only in the usual and ordinary course of business and consistent with past practice, and shall use all commercially reasonable efforts to maintain and preserve its business, assets, employees and advantageous business relationships;
- (b) it shall not (i) amend its Governing Documents; or (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;
- (c) it shall not take any actions which would or might be reasonably expected to materially impede or otherwise frustrate the completion of the Arrangement; and
- (d) it shall refrain from taking any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

#### **5.2 Integration of Operations**

- (a) From the date hereof, each of Exito and GLN and their respective representatives will be permitted reasonable access to each other's offices and management personnel to permit

them to be in a position to expeditiously integrate the business and operations of GLN with those of Exito immediately upon, but not prior to, the Effective Time, provided the activities of either party pursuant to this Section 5.2 do not cause any unreasonable disruptions to the other party's business or operations prior to the Effective Time.

- (b) Each of the parties hereto shall provide the other with all information reasonably necessary relating to its business and affairs, including access to officers, employees and field sites which each party may reasonably acquire in connection with the transactions contemplated hereby. Each party shall conduct itself so as to keep the other fully informed as to its business and affairs and as to decisions required with respect to the most advantageous methods for supplying, operating and producing from its assets and shall co-operate with the other in respect thereof.

## ARTICLE 6 COVENANTS OF GLN

### 6.1 Interim Order

As soon as practicable, GLN shall file, proceed with and diligently prosecute an application to the Court for the Interim Order on terms and conditions acceptable to Exito and GLN, acting reasonably provided that nothing shall require GLN to consent to any modification of this Agreement, the Arrangement, or GLN's obligations hereunder.

### 6.2 GLN Meeting

In a timely and expeditious manner, subject to the provisions hereof including section 7.2(6), GLN shall:

- (a) forthwith carry out such terms of the Interim Order as are required under the terms thereof to be carried out by GLN;
- (b) prepare, in consultation with Exito, and file the Information Circular in all jurisdictions where the Information Circular is required to be filed and mail the Information Circular, as ordered by the Interim Order and in accordance with all applicable Laws complying in all material respects with all applicable Laws on the date of mailing thereof and containing complete and correct disclosure of all material facts relating to the Arrangement, Exito and GLN and not containing any misrepresentation (as defined under the *Securities Act* (Alberta)) with respect thereto and which Information Circular shall include (i) the unanimous determination of the board of directors of GLN that the Arrangement is fair, in the best interests of GLN and GLN Shareholders; and (ii) the unanimous recommendation of the board of directors of GLN that the GLN Shareholders vote in favour of the Arrangement;
- (c) convene the GLN Meeting on or about March 23, 2017 or as otherwise provided by the Interim Order;
- (d) provide notice to Exito of the GLN Meeting and allow representatives of Exito to attend the GLN Meeting unless such attendance is prohibited by Applicable Laws;



- (e) solicit proxies to be voted at the GLN Meeting in favour of the Arrangement;
- (f) promptly advise Exito of the number of GLN Shares for which GLN receives notices of dissent or written objections to the Arrangement and provide Exito with copies of such notices and written objections;
- (g) conduct the GLN Meeting in accordance with the Interim Order, the BCBCA, the GLN Governing Documents and as otherwise required by Applicable Laws; and
- (h) take all such actions as may be required under the BCBCA and the Interim Order in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

### **6.3 Amendments**

In a timely and expeditious manner, GLN shall prepare, in consultation with Exito, and file any mutually agreed (or otherwise required by applicable Laws) amendments or supplements to the Information Circular with respect to the GLN Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable legal requirements on the date of mailing thereof.

### **6.4 Final Order**

Subject to the approval of the Arrangement at the GLN Meeting, in accordance with the provisions of the Interim Order, GLN shall forthwith file, proceed with and diligently prosecute an application for the Final Order.

### **6.5 Arrangement**

GLN shall forthwith carry out the terms of the Interim Order and the Final Order and, on the day of the receipt of the Final Order and the satisfaction or waiver of the conditions to the completion of the Arrangement contained herein in favour of Exito and GLN to be agreed by GLN and Exito, file the Final Order, and any other documents requested by the Registrar, with the Registrar in order for the Arrangement to become effective.

### **6.6 Copy of Documents**

Except for non-substantive communications, GLN shall, as soon as reasonably possible, furnish to Exito a copy of each notice, report, schedule or other document or communication delivered, filed or received by GLN in connection with the Arrangement, the Interim Order or the GLN Meeting, any filings under applicable Laws and any dealings with regulatory agencies (including the TSXV) in connection with, or in any way affecting, the transactions contemplated in this Agreement.

## 6.7 Insurance

GLN shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

## 6.8 Certain Actions

GLN shall:

- (a) not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by GLN in this Agreement untrue in any material respect at any time prior to the Effective Time if then made;
- (b) use its commercially reasonable efforts to complete the Concurrent Financing;
- (c) other than as disclosed in the GLN Disclosure Letter, not (i) issue or agree to issue any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares other than pursuant to the exercise of GLN Warrants; or (ii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iii) split, combine or reclassify any of its shares; (iv) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (v) merge, amalgamate, or consolidate into or with any other person or company or enter into any other corporate reorganization, or sell all or any substantial part of its assets to any person or company, or perform any act or enter into any transaction or negotiation which can reasonably be expected to interfere or be inconsistent with the consummation of the Arrangement; or (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted by this Agreement or agreed to in writing by Exito;
- (d) not grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing agreements, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business, or make any loan to any officer or director;
- (e) not, without the prior written consent of Exito, adopt or amend or make any contribution to any bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;

- (f) not, other than pursuant to a binding commitment entered into prior to the date hereof and disclosed to Exito: (i) sell, pledge, dispose of or encumber any assets, except for production in the ordinary course of business; (ii) expend or commit to expend more than \$50,000 individually or \$500,000 in the aggregate with respect to capital expenses; (iii) incur any indebtedness for borrowed money or other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity make any other loans or advances, except in the ordinary course of business and in any event in excess of \$50,000 individually or \$500,000 in the aggregate; or (iv) enter into any hedges, swaps or other financial instruments or like transactions; (v) enter into any agreements for the sale and production having a term of more than thirty (30) days; (vi) enter into any consulting or contract operating agreement that cannot be committed on thirty (30) days or less notice without penalty; or (vii) enter to or modify the contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted by this Agreement, or as agreed to in writing by Exito, such consent not to be unreasonably withheld; and
- (g) promptly notify Exito of (i) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of GLN; (ii) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated); (iii) any breach by GLN of any covenant contained in this Agreement; and (iv) any event occurring subsequent to the date hereof that would render any representation or warranty of GLN contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect.

## **6.9 No Compromise**

GLN shall not settle or compromise any claim brought by any present, former or purported holder of any securities of GLN in connection with the transactions contemplated by this Agreement prior to the Effective Time without the prior written consent of Exito, such consent not to be unreasonably withheld or delayed.

## **6.10 Satisfaction of Conditions**

GLN shall use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations and the obligations of Exito hereunder set forth in Article 8 hereof to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (a) obtain the approval of holders of at least 66 $\frac{2}{3}$ % of GLN Shares voted at the GLN Meeting to the Arrangement;

- (b) obtain all consents, approvals and authorizations as are required to be obtained by them under any applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on GLN;
- (c) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;
- (d) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
- (e) fulfil all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by GLN; and
- (f) co-operate with Exito in connection with the performance by Exito of its obligations hereunder.

#### **6.11 Refrain from Certain Actions**

GLN shall not take any action, refrain from taking any action (subject to its commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would have a Material Adverse Effect on GLN provided that where GLN is required to take any such action or refrain from taking such action (subject to its commercially reasonable efforts) as a result of this Agreement, it shall immediately notify Exito in writing of such circumstances.

#### **6.12 Employment Agreements**

GLN shall not enter into any written or verbal employment agreements or consulting agreements.

#### **6.13 Co-operation**

GLN shall make, or co-operate as necessary in the making of, all other necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

#### **6.14 Closing Documents**

GLN shall execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated hereby such customary certificates, resolutions and other closing documents as may be required by Exito, acting reasonably.

## 6.15 Non-Solicitation

GLN covenants and agrees that, during the period from the date of this Agreement until the earlier of: (i) the Effective Time; or (ii) the date that this Agreement is terminated, except with the written consent of Exito or as otherwise expressly permitted or specifically contemplated by this Agreement, GLN shall:

- (a) immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by GLN, or its officers, directors, employees, financial advisors, representatives and agents ("**Representatives**") with respect to any Acquisition Proposal and shall request the return or destruction of any confidential information previously provided to any such third parties relating to an Acquisition Proposal;
- (b) not directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) any inquiries or the making of any proposal or offer that constitutes or may reasonably be expected to lead to an Acquisition Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Acquisition Proposal;
- (c) not release any person from any confidentiality or standstill agreement to which GLN and such person are parties or amend any such agreement; and
- (d) exercise all rights to require the return of information regarding GLN previously provided to such persons and shall exercise all rights to require the destruction of all materials including or incorporating any information regarding GLN.

Notwithstanding the above, GLN may:

- (e) engage in discussions or negotiations with any person who (without any solicitation, initiation or encouragement, directly or indirectly, by GLN or its Representatives) seeks to initiate such discussions or negotiations and may furnish such third person information concerning GLN and its business, properties and assets if, and only to the extent that:
  - (i) the other person has first made a Superior Proposal in respect of which the funds or other consideration necessary for completion thereof are or are reasonably likely to be available and GLN's board of directors has concluded in good faith, after considering applicable Law and receiving the advice of its counsel, that such action is required by GLN's board of directors to comply with its fiduciary duties under applicable Law;
  - (ii) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, GLN provides immediate notice orally and in writing to Exito specifying that it is furnishing information to or entering into discussions or negotiations with such person or entity in respect to a Superior Proposal, receives from such person or entity an executed confidentiality agreement having confidentiality and standstill terms, and provides Exito with a copy of such Superior Proposal and any amendments thereto and confirming in writing the

determination of GLN's board of directors that the Acquisition Proposal if completed would constitute a Superior Proposal;

- (iii) GLN provides immediate notice to Exito at such time as it or such person or entity terminates any such discussions or negotiations; and
- (iv) GLN immediately provides or makes available to Exito any information provided to any such person or entity whether or not previously made available to Exito; and
- (f) comply with Part 13 of the *Securities Act* (Alberta) with regard to a tender or exchange offer, if applicable, and similar rules under applicable Canadian securities laws relating to the provision of directors' circulars, and make appropriate disclosure with respect thereto to the GLN Shareholders; and
- (g) accept, recommend, approve or implement a Superior Proposal from a third person, but only if prior to such acceptance, recommendation, approval or implementation, GLN's board of directors shall have concluded in good faith after considering all proposals to adjust the terms and conditions of this Agreement and the Arrangement which may be offered by Exito during the three (3) Business Day notice period set forth below and after receiving the written advice of its counsel, that such action is required by GLN's board of directors to comply with its fiduciary duties under applicable Law and subject to the next paragraph hereof.

GLN shall give to Exito, orally and in writing, at least three (3) Business Days advance notice of any decision by the board of directors of GLN to accept, recommend, approve or implement a Superior Proposal, which notice shall identify the party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. In addition, GLN shall and shall cause its financial and legal advisors to negotiate in good faith with Exito to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable GLN to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Exito proposes to amend this Agreement and the Arrangement to provide superior value to that provided under the Superior Proposal within the three (3) Business Day time period specified above, then GLN shall not enter into any definitive agreement regarding the Superior Proposal.

#### **6.16 Break Fee – Circumstances when Payable by GLN**

If at any time after the execution of this Agreement, provided Exito is not in default of its material obligations or representations and warranties contained herein which makes it impossible or unlikely that one or more of the conditions to completion of the Arrangement would be satisfied, GLN agrees to pay Exito in cash the amount of \$100,000 (the "**Break Fee**") if:

- (a) other than as a result of a Material Adverse Change in respect of Exito, the board of directors of GLN fails to recommend that GLN Shareholders vote in favour of the Arrangement or the board of directors of GLN withdraws or, in a manner materially adverse to the Arrangement or the completion thereof, modifies or changes its



recommendation to GLN Shareholders to vote in favour of the Arrangement unless such failure to recommend, such withdrawal, modification or change is due to the existence of the following and such following circumstance did not arise due to a failure of GLN to perform its obligations under this Agreement:

- (i) the Interim Order has been refused or has been granted in form or substance not satisfactory to GLN, acting reasonably, or has not been granted on or prior to February 21, 2017 or, if issued, has been set aside or modified in a manner unacceptable to GLN, acting reasonably, on appeal or otherwise;
  - (ii) the Final Order has not been granted in form and substance satisfactory to GLN, acting reasonably, on or prior to the Outside Date or, if issued, has been set aside or modified in a manner unacceptable to GLN, acting reasonably, on appeal or otherwise;
  - (iii) the Arrangement has not become effective on or before the Outside Date;
  - (iv) a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and no rights to appeal exist, provided that the party seeking to terminate this Agreement pursuant to this Section shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction; and
  - (v) Exito shall be in material breach of any of its material covenants, agreements or representations and warranties contained herein provided that GLN shall have given notice of and five days to cure any such breach by Exito and such breach shall not have been cured;
- (b) the board of directors of GLN shall have recommended that GLN Shareholders deposit their GLN Shares under, or vote in favour of, or otherwise accept an Acquisition Proposal other than with Exito;
  - (c) GLN enters into an agreement with respect to an Acquisition Proposal (other than a confidentiality agreement), prior to the date of the GLN Meeting;
  - (d) a *bona fide* Acquisition Proposal is made or announced and not withdrawn prior to the GLN Meeting to all or substantially all holders of GLN Shares and the Plan of Arrangement is not approved at the GLN Meeting by at least 66 $\frac{2}{3}$ % of the votes cast by holders of the GLN Shares who voted their GLN Shares at the GLN Meeting; or
  - (e) a material breach by GLN of any of its material representations, warranties or covenants in this Agreement which breach individually or in the aggregate would have a Material Adverse Effect on GLN, or on the ability of the parties hereto to consummate the Arrangement,

(any such event referred to as a "**Exito Fee Event**"), GLN shall pay to Exito the Exito Break Fee.

GLN agrees that the Exito Break Fee will be paid within three (3) Business Days of the date of earliest of any of the events referred to in Subsections 6.16 (a) to (e) occur. Upon the date of the earliest such event occurring, GLN shall be deemed to hold such sum in trust for Exito.

In the event that an Acquisition Proposal is entered into, made or announced, as contemplated by Section 6.16(d), GLN agrees, within three (3) Business Days thereof, to deliver to Exito an irrevocable letter of credit, in form and substance satisfactory to Exito payable by a Canadian chartered bank in the amount of the Exito Break Fee and which may be immediately drawn upon by Exito if the Exito Break Fee is payable, as such other form of security is as satisfactory to Exito.

GLN shall never be obligated to make more than one payment pursuant to this Section 6.16. GLN acknowledges that the Exito Break Fee set out in this Section 6.16 is payment of liquidated damages which is a genuine pre-estimate of the damages which Exito will suffer or incur as a result of the event giving rise to such damages and is not a penalty. GLN irrevocably waives any right they may have to raise as a defence that any such liquidated damages are excessive or punitive. Exito agrees that payment of the Exito Break Fee provided for in this Section 6.16 shall be Exito' sole remedy in connection with such event.

The provisions of this Section 6.16 shall survive termination of this Agreement (provided in the case of Subsection 6.16(d) hereof, such Acquisition Proposal shall have been made or announced prior to notice of termination).

## **ARTICLE 7 COVENANTS OF EXITO**

### **7.1 Interim Order**

As soon as practicable, Exito and GLN shall file, proceed with and diligently prosecute an application to the Court for the Interim Order on terms and conditions acceptable to Exito and GLN, acting reasonably.

### **7.2 Exito Assistance**

In a timely and expeditious manner, Exito shall:

- (a) forthwith carry out such terms of the Interim Order and Final Order as applicable to it and will use its reasonable commercial efforts to assist GLN in obtaining such orders; provided that nothing shall require Exito to consent to any modifications of this Agreement, the Plan of Arrangement or any of the obligations of Exito hereunder or thereunder; and
- (b) take all such actions as may be required under the ABCA and the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.



### 7.3 **Exito Meeting**

In a timely and expeditious manner subject to the provisions hereof, Exito shall:

- (a) prepare in consultation with GLN, and file the Information Circular in all jurisdictions where the Information Circular is required to be filed and mail the Information Circular, in accordance with all applicable laws, in all jurisdictions where the Information Circular is required to be mailed, complying in all material respects with all applicable laws on the date of mailing thereof and containing complete and correct disclosure of all material facts relating to the Exito Consolidation and the Exito Continuance, and not containing any misrepresentation (as defined under the *Securities Act* (Alberta) with respect thereto;
- (b) convene the Exito Meeting on March 23, 2017;
- (c) provide notice to GLN of the Exito Meeting and allow representatives of GLN to attend the Exito Meeting unless such attendance is prohibited by Applicable Laws;
- (d) solicit proxies to be voted at the Exito Meeting in favour of the Exito Consolidation and the Exito Continuance;
- (e) promptly advise GLN of the number of Exito Shares for which Exito receives notices of dissent and provide GLN with copies of such notices;
- (f) conduct the Exito Meeting in accordance with the ABCA, the Exito Governing Documents and as otherwise required by Applicable Laws; and
- (g) take all such actions as may be required under the ABCA in connection with the transactions contemplated by this Agreement.

### 7.4 **Copy of Documents**

Except for non-substantive communications, Exito shall, as soon as reasonably possible, furnish to GLN a copy of each notice, report, schedule or other document or communication delivered, filed or received by Exito in connection with the Arrangement or the Interim Order, any filings under applicable Laws and any dealings with regulatory agencies (including the TSXV) in connection with, or in any way affecting, the transactions contemplated in this Agreement.

### 7.5 **Insurance**

Exito shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

## 7.6 Certain Actions

Exito shall:

- (a) not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by Exito in this Agreement untrue in any material respect at any time prior to the Effective Time if then made;
- (b) use reasonable commercial efforts to obtain conditional approval of the listing of Exito Consolidated Shares issuable under the Arrangement on the TSXV prior to the mailing of the Information Circular;
- (c) use reasonable commercial efforts to obtain conditional approval from the TSXV to accept the Arrangement as Exito's Qualifying Transaction (as such term is defined in the CPC Policy);
- (d) subject to the TSXV's acceptance, enter into the Exito Loan with GLN, on terms satisfactory to Exito and GLN;
- (e) use its commercially reasonable efforts to obtain the Escrow Transfer Agreements;
- (f) maintain its status as a "reporting issuer" (or similar designated entity) not in default in all of the provinces of Canada where it is currently a reporting issuer in material compliance with all applicable Laws and to maintain the listing of the outstanding Exito Shares on the TSXV;
- (g) promptly notify GLN of (A) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of Exito, (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated), (C) any breach by Exito of any covenant contained in this Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Exito contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect;
- (h) indemnify and save harmless GLN and GLN's directors, officers, employees and agents from and against all claims, suits, actions, causes of action, liabilities, damages, costs, charges and expenses to which GLN, or any director, officer, employee or agent thereof, may be subject or for which GLN, or any directors, officers, employees or agents thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation based solely on the information required by applicable Law to be included in the Information Circular relating to Exito contained in the Information Circular or any material in respect of Exito filed in compliance or intended compliance with applicable Law;

- (i) prepare and file with the Securities Authorities all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of Canada for the issue by Exito and delivery by Exito of Exito Consolidated Shares pursuant to the Arrangement so that such securities may trade following the completion of the Arrangement without a hold period;
- (j) cause to be taken all necessary action to allot and reserve for issuance the Exito Consolidated Shares to be issued in exchange for GLN Shares in connection with the Arrangement and, on the Effective Date, cause to be issued fully paid and non-assessable Exito Consolidated Shares to those persons entitled thereto pursuant to the Arrangement; and
- (k) on the Effective Date, provide to Exito's transfer agent an irrevocable direction authorizing and directing such transfer agent to deliver the Exito Consolidated Shares issuable pursuant to the Arrangement to GLN Shareholders in accordance with the terms of the Arrangement.

#### **7.7 Satisfaction of Conditions**

Exito shall use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations and the obligations of GLN hereunder set forth in Sections 8.1 and 8.2 hereof to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (a) obtain all consents, approvals and authorizations as are required to be obtained by Exito under any applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on Exito;
- (b) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;
- (c) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
- (d) fulfil all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Exito; and
- (e) co-operate with GLN in connection with the performance by GLN of its obligations hereunder.

## 7.8 Refrain from Certain Actions

Exito shall not take any action, refrain from taking any action (subject to its commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would have a Material Adverse Effect on Exito, provided that where Exito is required to take any such action or refrain from taking such action (subject to its commercially reasonable efforts) as a result of this Agreement, Exito shall immediately notify GLN in writing of such circumstances.

## 7.9 Co-operation

Exito shall make, or co-operate as necessary in the making of, all other necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

## 7.10 Closing Documents

Exito shall execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated hereby such customary certificates, resolutions and other closing documents as may be required by GLN, acting reasonably.

## 7.11 Break Fee – Circumstances when Payable by Exito

If at any time after the execution of this Agreement, provided GLN is not in default of its material obligations or representations and warranties contained herein which makes it impossible or unlikely that one or more of the conditions to completion of the Arrangement would not be satisfied, Exito agrees to pay GLN in cash the amount of \$100,000 (the "**GLN Break Fee**") if:

- (a) prior to the GLN Meeting, a Exito Acquisition Proposal (as defined below) in respect of Exito is publicly announced, proposed, offered or made to the holders of Exito Shares and: (i) at the date of the GLN Meeting, such Exito Acquisition Proposal shall not have expired or been withdrawn; and (ii) the GLN Shareholders do not approve the Arrangement at the GLN Meeting;
- (b) other than as a result of a Material Adverse Change in respect of GLN, Exito accepts, recommends, approves or enters into an agreement (other than a confidentiality agreement) to implement a Superior Proposal prior to and first to occur of the Effective Date of the Arrangement or termination of this Agreement; or
- (c) Exito materially breaches any of its material representations, warranties or covenants made in this Agreement, which breach individually or in the aggregate would have a Material Adverse Effect on Exito, or on the ability of the parties hereto to consummate the Arrangement,

(any such event referred to as a "**GLN Fee Event**"), Exito shall pay to GLN the GLN Break Fee within three (3) Business Days of the date of the earliest of any of such events to occur. On the date of the earliest event described above in this Section, Exito shall be deemed to hold such sum in trust for GLN.

In the event that a Exito Acquisition Proposal is publicly announced, entered into or made as contemplated by Section 7.11, Exito agrees, within three (3) Business Days to deliver to GLN an irrevocable letter of credit, in form and substance satisfactory to GLN, payable by a Canadian chartered bank in the amount of the GLN Break Fee and which may be immediately drawn upon by GLN if the GLN Break Fee is payable or such other form of security as is satisfactory to GLN.

Exito shall never be obligated to make more than one payment pursuant to this Section 7.11. Exito acknowledges that the GLN Break Fee set out in this Section 7.11 is payment of liquidated damages which is a genuine pre-estimate of the damages which GLN will suffer or incur as a result of the event giving rise to such damages and is not a penalty. Exito irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. GLN agrees that payment of the amount provided for in this Section 7.11 shall be GLN's sole remedy in connection with such event.

The provisions of this Section 7.11 shall survive termination of this Agreement (provided in the case of Subsection Section 7.11(c) hereof, such Exito Acquisition Proposal shall have been made or announced prior to notice of termination).

For this section "**Exito Acquisition Proposal**" shall mean with respect to Exito, any inquiry or the making of any proposal to Exito or the Exito Shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from Exito or the Exito Shareholders of any securities of Exito or its subsidiaries (other than on exercise of currently outstanding Exito Options and Exito Agent's Options) pursuant to which, if consummated, such person would own or control, directly or indirectly, 20% or more of any class of Exito securities; (ii) any acquisition of a material amount of the assets of Exito or its subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving Exito or its subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Exito or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to GLN under this Agreement or the Arrangement.

## ARTICLE 8 CONDITIONS

### 8.1 Mutual Conditions

The respective obligations of Exito and GLN to complete the transactions contemplated hereby are subject to the fulfilment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) concurrently with the Effective Time, Exito and GLN will negotiate in good faith to cause Amalco (as defined in the Plan of Arrangement) to enter into a Transitional Services Agreement with certain directors, officers and/or insiders of Exito, on terms mutually agreeable to both Exito and GLN;
- (b) on or prior to February 21, 2017, the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the parties hereto, acting reasonably, on appeal or otherwise;
- (c) the Arrangement, with or without amendment, shall have been approved at the GLN Meeting by at least 66 $\frac{2}{3}$ % of the votes cast by the GLN Shareholders who voted their GLN Shares at the GLN Meeting, in accordance with the provisions of the BCBCA, the Interim Order and the requirements of any applicable regulatory authorities;
- (d) the Final Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (e) the Effective Date shall be on or before the Outside Date, subject to any extension available to a party hereto pursuant to Section 8.4 hereof;
- (f) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to Exito or GLN;
- (g) the TSXV shall have conditionally approved the listing thereon of the Exito Consolidated Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter, subject to compliance with the usual requirements of the TSXV;
- (h) the TSXV shall have conditionally approved the Arrangement as the Qualifying Transaction of Exito, as such term is defined in the CPC Policy;
- (i) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in



connection with, or required to permit, the completion of the Arrangement, the failure of which to obtain or the non-expiry of which would be materially adverse to Exito or GLN or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto;

- (j) holders of not more than 5% of the outstanding GLN Shares shall have exercised Arrangement Dissent Rights that have not been withdrawn as at the Effective Date;
- (k) without limiting the scope of the foregoing conditions, all regulatory, third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements which either Exito or GLN shall consider necessary or desirable in connection with the Arrangement shall have been obtained in form and substance satisfactory to them; and
- (l) this Agreement shall not have been terminated pursuant to Article 9 hereof.

The foregoing conditions are for the mutual benefit of the parties hereto and may be waived, in whole or in part, by a mutual agreement in writing of Exito and GLN at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Outside Date or, if earlier, the date required for the performance thereof, then, subject to Section 8.4 hereof, Exito or GLN may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other of them, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by such rescinding party hereto.

## **8.2 Exito Conditions**

The obligation of Exito to complete the transactions contemplated herein is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by GLN in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and GLN shall have provided to Exito an officer's certificate certifying such accuracy on the Effective Date;
- (b) GLN shall have complied in all material respects with its covenants herein, and GLN shall have provided to Exito an officer's certificate certifying that GLN has so complied with its covenants herein;
- (c) the directors of GLN shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by GLN to permit the consummation of the Arrangement;
- (d) immediately prior to the Effective Time, Exito shall be satisfied that there are not more than an aggregate of 118,922,784 GLN Shares issued and outstanding or that are issuable

on exercise of GLN Warrants or other rights to acquire any GLN Shares and GLN shall provide to Exito a certificate to that effect immediately prior to the Effective Date;

- (e) the Concurrent Financing shall have been completed for minimum gross proceeds of \$3,500,000 in a manner satisfactory to Exito, acting reasonably;
- (f) no action, suit or proceeding has been taken or threatened against GLN before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (g) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by GLN in connection with the Arrangement;
- (h) there shall not have been a Material Adverse Change in respect of GLN since the date hereof;
- (i) the board of directors of GLN shall not have withdrawn, modified or changed any of its recommendation, approvals, resolutions or determinations referred to in Section 6.2(b) in a manner materially adverse to Exito or the completion of the Arrangement prior to mailing of the Information Circular, each of the directors, officers and employees of GLN (other than those agreed to by Exito) shall have provided their resignations together with releases in favour of GLN and Exito effective on the Effective Date, each in form and substance satisfactory and on terms as are satisfactory to Exito, acting reasonably.

The foregoing conditions are for the benefit of Exito and may be waived, in whole or in part, by Exito in writing at any time. If any of such conditions shall not be complied with or waived by Exito on or before Outside Date or the date required for the performance thereof, if earlier, then subject to Section 8.4 hereof, Exito may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to GLN, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by Exito.

### **8.3 GLN Conditions**

The obligation of GLN to complete the transactions contemplated herein is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by Exito in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Exito shall have provided to GLN an officer's certificate thereof certifying such accuracy on the Effective Date;
- (b) the directors of Exito shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Exito to permit the consummation of the Arrangement;



- (c) Exito shall have complied in all material respects with its covenants herein and Exito shall have provided to GLN an officer's certificate certifying that it has so complied with its covenants herein;
- (d) no action, suit or proceeding has been taken or threatened against Exito before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (e) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Exito in connection with the Arrangement;
- (f) the Exito Continuance shall have been approved at the Exito Meeting by at least 66⅔% of the votes cast by the Exito Shareholders who voted their Exito Shares at the Exito Meeting, in accordance with the provisions of the ABCA;
- (g) holders of not more than 5% of the outstanding Exito Shares shall have exercised Continuance Dissent Rights that have not been withdrawn as at the Effective Date;
- (h) there shall not have been a Material Adverse Change in respect of Exito since the date hereof;
- (i) GLN shall be satisfied, acting reasonably, that the Exito Consolidated Shares issued to GLN Shareholders pursuant to the Arrangement (i) shall not be subject to any hold period, restricted period or seasoning period under applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the TSXV, subject only to the filing of documentation that cannot be filed prior to the Effective Date; and
- (j) each of the directors, officers and employees of Exito (other than those agreed to by GLN) shall have provided their resignations together with releases in favour of Exito and GLN effective on the Effective Date, each in form and substance satisfactory and on terms as are satisfactory to GLN, acting reasonably.

The foregoing conditions are for the benefit of GLN and may be waived, in whole or in part, by GLN in writing at any time. If any of such conditions shall not be complied with or waived by GLN on or before the Outside Date or, if earlier, the date required for the performance thereof, then, subject to Section 8.4 hereof, GLN may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to Exito, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by GLN.

#### **8.4 Notice and Cure Provisions**

Each party hereto shall give prompt notice to the other hereto of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of any other party hereto contained herein to be untrue or inaccurate in any material respect on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by any other party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in its favour contained in Sections 8.1, 8.2 or 8.3 hereof, as the case may be.

Subject as herein provided, a party hereto may elect not to complete the transactions contemplated hereby pursuant to the provisions contained in Sections 8.1, 8.2 or 8.3 hereof or exercise any termination right arising therefrom; provided, however, that (i) promptly and in any event prior to giving effect to the Arrangement, the party hereto intending to rely thereon has delivered a written notice to the other party hereto specifying in reasonable detail the breaches of covenants or representations and warranties or other matters which the party hereto delivering such notice is asserting as the basis for the non-fulfilment of the applicable condition or termination right, as the case may be, and (ii) if any such notice is delivered, and a party hereto is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the party hereto which has delivered such notice may not terminate this Agreement until the later of Outside Date and the expiration of a period of 30 days from date of delivery of such notice. If such notice has been delivered prior to the date of the Meetings, such meeting shall be postponed until the expiry of such period.

#### **8.5 Merger of Conditions**

The conditions set out in Sections 8.1, 8.2 or 8.3 hereof shall be conclusively deemed to have been satisfied, waived or released upon giving effect to the Arrangement. Exito and GLN acknowledge and agree that they shall have no right to give effect to the Arrangement unless such conditions have been satisfied, fulfilled or waived.

### **ARTICLE 9 AMENDMENT AND TERMINATION**

#### **9.1 Amendment**

This Agreement may, at any time and from time to time before or after the holding of the Meetings, be amended by mutual written agreement of the parties hereto without, subject to applicable Law, further notice to or authorization on the part of the GLN Shareholders or the Exito Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the parties hereto;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with or modify any condition herein contained;

provided that no such amendment shall reduce the consideration to be received by the GLN Shareholders without the approval of the GLN Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## 9.2 **Alternative Transaction**

The parties hereto acknowledge and agree that, based upon tax, corporate, securities or other legal and other considerations, it may be more advantageous or appropriate to carry out the transaction contemplated herein by way of another form of plan of arrangement, amalgamation or take-over bid or other form of transaction ("**Other Transaction**"). In the event of such determination the parties agree to negotiate all such agreements, documents and arrangements that may be necessary or desirable to carry out the Other Transaction, provided that provisions hereof to the extent applicable or possible pursuant to applicable Laws shall apply *mutatis mutandis*, to such Other Transaction.

## 9.3 **Termination**

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of the parties hereto;
- (b) upon any circumstances hereunder that give rise to a right of termination of this Agreement as provided in Sections 8.1, 8.2 or 8.3 hereof, subject to Section 8.4 hereof;
- (c) by Exito or by GLN if the approval of the Arrangement by GLN Shareholders or the Exito Shareholders required by Subsection 8.1(c) hereof in accordance with the terms of the Interim Order shall not have occurred on or before March 23, 2017;
- (d) by GLN or by Exito in the event that the Arrangement does not become effective on or before the Outside Date, subject to Section 8.4 hereof;
- (e) by Exito if a Exito Fee Event shall have occurred;
- (f) by GLN if a Exito Fee Event shall have occurred and GLN shall have paid the Exito Break Fee;
- (g) by GLN if a GLN Fee Event shall have occurred;
- (h) by Exito if a GLN Fee Event shall have occurred and the GLN Break Fee shall have been paid;
- (i) by GLN if Exito shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties,

covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Exito (taken as a whole) or on the ability to consummate the Arrangement provided that Exito shall have been given notice and five days to cure any such breach by GLN, if such breach is capable of being cured, and such breach shall not have been cured;

- (j) by Exito if GLN shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on GLN (taken as a whole) or on the ability to consummate the Arrangement, provided that GLN shall have been given notice and five days to cure any such breach by Exito, if such breach is capable of being cured, and such breach shall not have been cured;
- (k) by GLN in the event of a Material Adverse Change of Exito;
- (l) by Exito in the event of a Material Adverse Change of GLN;
- (m) by Exito or by GLN if the Interim Order has been refused or has been granted in form or substance not satisfactory to Exito and GLN, acting reasonably, or has not been granted on or prior to February 21, 2017 or, if issued, has been set aside or modified in a manner unacceptable to Exito and GLN, acting reasonably, on appeal or otherwise;
- (n) by Exito or by GLN if the Final Order has not been granted in form and substance satisfactory to Exito and GLN, acting reasonably, on or prior to the Outside Date, 2017 or, if issued, has been set aside or modified in a manner unacceptable to Exito and GLN, acting reasonably, on appeal or otherwise; and
- (o) if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 9.3 shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

provided that any termination by a party hereto in accordance with this Section 9.3 shall be made by such party delivering written notice to the other party or parties hereto prior to the Effective Date specifying in reasonable detail the matter or matters giving rise to such termination right.

#### **9.4 Effect of Termination**

In the event of the termination of this Agreement as provided in Section 9.3, this Agreement shall forthwith have no further force or effect, other than Sections 6.16, 7.6(h), 7.11 and 10.3 (as provided therein) which shall survive termination, and there shall be no obligation on the part of GLN or Exito hereunder except those obligations that have accrued to such date. Nothing herein shall relieve any party from liability for any breach of this Agreement accruing prior to termination.

**ARTICLE 10  
GENERAL****10.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party hereto shall be in writing and shall be delivered by hand to the party hereto to which the notice is to be given at the following addresses or sent by facsimile to the following numbers or to such other address or facsimile number as shall be specified by a party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Vancouver time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the parties hereto shall be as follows:

- (a) if to GLN:

Good Life Networks Inc.  
Suite 209 – 1455 Bellevue,  
West Vancouver, BC, V7T 1C3

Attention: Jesse Dylan (aka Michael Woodman), President & CEO

with a copy to:

DuMoulin Black LLP  
10<sup>th</sup> Floor, 595 Howe Street  
Vancouver, BC V6C 2T5

Attention: Justin Kates  
Facsimile No.: 604-684-8772

- (b) if to Exito:

Exito Energy II Inc.  
1110, 335 – 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1C9

Attention: Brad Docherty, President & CEO

with a copy to:

Gowling (WLG) Canada LLP

Suite 1600, 421 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 4K9

Attention: Frank Sur  
Facsimile No.: 403-695-3574

## **10.2 Remedies**

The parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any party hereto or its representatives and advisors and that such breach may cause the non-breaching party hereto irreparable harm. Accordingly, the parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the parties hereto, Exito (if GLN is the breaching party) or GLN (if Exito is the breaching party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the parties hereto.

## **10.3 Expenses**

Except as expressly contemplated herein, each party hereto agrees to bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, the GLN Meeting, the Exito Meeting and the preparation and mailing of the Information Circular, including legal fees, accounting fees, printing costs, financial advisor fees and all disbursements by advisors.

## **10.4 Time of the Essence**

Time shall be of the essence in this Agreement.

## **10.5 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein or therein.

## **10.6 Further Assurances**

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

**10.7 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of British Columbia and the Laws of Canada applicable therein but the reference to such Laws shall not, by conflict of laws rules or otherwise, require the application of the Law of any jurisdiction other than the Province of British Columbia. Each party hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

**10.8 Execution in Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same.

**10.9 Waiver**

No waiver or release by any party hereto shall be effective unless in writing and executed by the party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 10.1 hereof.

**10.10 Enurement and Assignment**

This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns and shall be binding upon the parties hereto and their respective successors. This Agreement may not be assigned by any party hereto without the prior written consent of the other party hereto.

***[Remainder of this page intentionally left blank; signature page follows.]***

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

**GOOD LIFE NETWORKS INC.**

Per: (signed) "Jesse Dylan"

Name: Jesse Dylan

Title: Chief Executive Officer

**EXITO ENERGY II INC.**

Per: (signed) "Brad Docherty"

Name: Brad Docherty

Title: President and Chief Executive Officer



**SCHEDULE A  
PLAN OF ARRANGEMENT  
DATED JANUARY 31, 2017**

**UNDER DIVISION 5 OF PART 9**

**OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

**ARTICLE 1  
INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, (Alberta) R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Amalco**" means the corporation to be formed pursuant to the Amalgamation;
- (c) "**Amalco Shares**" means the common shares in the capital of Amalco;
- (d) "**Amalgamating Companies**" means Exito and GLN;
- (e) "**Amalgamation**" means the vertical short form amalgamation of Exito and GLN pursuant to Arrangement contemplated in Section 3.1 herein;
- (f) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (g) "**Arrangement Agreement**" means the amended and restated arrangement agreement dated January 31, 2017 between GLN and Exito with respect to the Arrangement, and all amendments thereto;
- (h) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted upon by GLN Shareholders at the GLN Meeting;
- (i) "**BCBCA**" means the *Business Corporations Act*, (British Columbia) S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (j) "**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of British Columbia and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business;
- (k) "**Certificate of Amalgamation**" means the certificate of amalgamation issued by the Registrar in respect of the Amalgamation;
- (l) "**Court**" means the Supreme Court of British Columbia;

- (m) **"Dissent Rights"** has the meaning set out in Section 5.1;
- (n) **"Dissenting Shareholder"** means a registered GLN Shareholder who has validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the GLN Shares in respect of which Dissent Rights are validly exercised by such holder;
- (o) **"Effective Date"** means the date shown on the Certificate of Amalgamation;
- (p) **"Effective Time"** means the beginning of the day on the Effective Date which, in accordance with the BCBCA, will be designated as 12:01 a.m. (Vancouver Time) on the Effective Date on any applications required to be filed with the Registrar;
- (q) **"Encumbrance"** includes any mortgage, pledge, assignment, charge, lien, claim security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (r) **"Exchange Ratio"** has the meaning set out in Section 3.1(b);
- (s) **"Exito"** means:
  - (i) prior to the Exito Continuance, Exito Energy II Inc., a corporation incorporated under the ABCA; and
  - (ii) after the Exito Continuance but before the Amalgamation, a company existing under the BCBCA,
 as the context requires;
- (t) **"Exito Consolidation"** means the consolidation of Exito Shares on a 2 for to 1 basis to be effected prior to completion of the Arrangement;
- (u) **"Exito Consolidated Share"** means Exito Shares immediately following the Exito Consolidation;
- (v) **"Exito Continuance"** means the continuance of Exito from the jurisdiction of the Province of Alberta to the jurisdiction of the Province of British Columbia pursuant to section 303 of the BCBCA and section 189 of the ABCA, such continuance to occur prior to or concurrently with the Arrangement;
- (w) **"Exito Shares"** means the common shares in the capital of Exito as constituted on the date hereof;
- (x) **"Exito Shareholders"** means the holders of Exito Shares;
- (y) **"Final Order"** means the order of the Court approving the Arrangement under section 291 of the BCBCA, in form acceptable to GLN and Exito, each acting reasonably, as

such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of GLN and Exito, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both GLN and Exito, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

- (z) "**GLN Meeting**" means the special meeting of GLN Shareholders to be held and any adjournments thereof to consider and vote on the Arrangement Resolution among other matters;
- (aa) "**GLN Warrantholders**" means the holders of GLN Warrants;
- (bb) "**GLN Warrants**" means, collectively, the outstanding warrants to acquire GLN Shares and the outstanding GLN special warrants;
- (cc) "**GLN Shareholders**" means the holders of GLN Shares;
- (dd) "**GLN Shares**" means the common shares in the capital of GLN as constituted on the date hereof;
- (ee) "**Information Circular**" means the joint management information circular GLN and Exito to be sent by GLN and Exito to their respective shareholders in connection with the GLN Meeting and the Exito Meeting, respectively, as such information circular may be affirmed, amended or modified subject to the Agreement;
- (ff) "**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement, in a form acceptable to GLN and Exito, each acting reasonably, providing for, among other things, the calling and holding of the GLN Meeting, as the same may be amended, modified, supplemented or varied by the Court (with the consent of the parties, acting reasonably);
- (gg) "**Person**" means any individual, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;
- (hh) "**Registrar**" means the Registrar of Companies appointed under section 400 of the BCBCA;
- (ii) "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.l. (5th Supp), as amended, including the regulations promulgated thereunder; and
- (jj) "**U.S Shareholders**" means shareholders of GLN who are resident in the United States.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

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

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 This Plan of Arrangement, will become effective at, and be binding on and after, the Effective Time, on: (i) the GLN Shareholders, (ii) the GLN Warrantholders; (iii) GLN; and (iv) Exito.

2.3 The Final Order and the Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

2.4 The following is only intended to be a general statement for the purpose of the Plan and is qualified in its entirety by the specific provisions of the Plan.

One of the purposes of the Plan is to effect an exchange of all the GLN Shares for Exito Shares on the basis provided herein, with the result that GLN becomes a wholly owned subsidiary of Exito in a manner which permits resident U.S. Shareholders to receive Exito Shares on a basis which is exempt from U.S. registration requirements and trading restrictions.

## **ARTICLE 3 ARRANGEMENT**

3.1 The Arrangement involves a number of steps, including the following, which will be deemed to occur, without any further act or formality of or by Exito, GLN or another other person, sequentially commencing at the Effective Time:

- (a) each GLN Share held by a Dissenting Shareholder shall be irrevocably transferred to Exito, free and clear of all Encumbrances, without any further act or formality and:

- (i) such Dissenting Shareholder shall cease to be the holder of such GLN Shares so transferred and will cease to have any rights as holder of such GLN Shares other than the right to be paid fair value for such GLN Shares by Exito;
  - (ii) such Dissenting Shareholder's name shall be removed as the holder of such GLN Shares from the central securities register of holders of GLN Shares maintained by or on behalf of GLN; and
  - (iii) Exito shall become the sole legal and beneficial holder of such GLN Shares so transferred, free and clear of all Encumbrances, and shall be entered in the central securities register of holders of GLN Shares maintained by or on behalf of GLN;
- (b) GLN Shareholders and Exito will complete a share exchange whereby:
- (i) all of the issued and outstanding GLN Shares will be exchanged by GLN Shareholders (other than Dissenting Shareholders) on the basis of 0.2601 an Exito Consolidated Share for every one GLN Share held (the "**Exchange Ratio**"). In the event that the Exito Consolidation is not completed prior to the Effective Time for any reason, the Exchange Ratio shall be deemed to have been adjusted such that GLN Shares will be exchanged on the basis of 0.5202 of an Exito Share for every one GLN Share held;
  - (ii) Exito will in exchange acquire all of the issued and outstanding GLN Shares; and
  - (iii) GLN will become a wholly-owned subsidiary of Exito;
- (c) on the Effective Date, Exito and GLN will complete the Amalgamation whereby:
- (i) all of the assets and liabilities of Exito and GLN will become the assets and liabilities of Amalco;
  - (ii) the articles of Amalco on completion of the short-form vertical amalgamation will be the same as the articles of Exito prior to completion of the Amalgamation;
  - (iii) the notice of articles and authorized capital of Amalco on completion of the Amalgamation will be the same as the notice of articles of Exito prior to completion of the Amalgamation;
  - (iv) all of the issued and outstanding Exito Consolidated Shares will become Amalco Shares on a one-for-one basis;
  - (v) the issued and outstanding GLN Shares held by Exito will be cancelled without any repayment of capital in respect thereof; and
  - (vi) Amalco will refrain from issuing any securities in connection with the Amalgamation.

- (d) as a result of the Arrangement, GLN Shareholders (other than Dissenting Shareholders) will have effectively exchanged their GLN Shares for Amalco Shares on the basis of the Exchange Ratio;
- (e) the first directors of Amalco shall be Michael Woodman, Eugene Valaitis and Cliff Dumas and any other individuals as mutually agreed upon by GLN and Exito; and
- (f) the name of Amalco will be changed to “Good Life Networks Inc.” or such other name as may be acceptable to Exito, GLN and relevant Governmental Entities.

#### **ARTICLE 4 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES**

4.1 From and after the Effective Time, certificates formerly representing GLN Shares under the Arrangement shall represent only the right to receive the consideration to which the GLN Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 5.1, to receive the fair value of the GLN Shares represented by such certificates.

4.2 From and after the Effective Time, any certificates representing the GLN Warrants shall represent only the right to receive the consideration to which the holders thereof are entitled pursuant to the terms thereunder.

4.3 Exito shall, as soon as practicable following the Effective Date forward or cause to be forwarded by first class mail (postage prepaid) to such former holder (other than a Dissenting Shareholder who exercised Dissent Rights which remain valid immediately prior to the Effective Time), at the address specified in the share register held by Exito’s transfer agent, Direct Registration System statements issued by such transfer agent, evidencing the number of Exito Shares issued to such holder under the Arrangement.

4.4 No certificates representing fractional Exito Shares shall be issued pursuant to the Plan of Arrangement. In lieu of any fractional Exito Shares, each beneficial holder of GLN Shares otherwise entitled to a fractional interest in Exito Shares will receive the nearest whole number of Exito Shares.

4.5 Exito’s transfer agent shall register the Exito Shares in the name of each GLN Shareholder entitled to receive Exito Shares pursuant to the Arrangement and shall deliver Direct Registration System statements issued by Exito’s transfer agent evidencing such Exito Shares as soon as practicable after the Effective Date.

4.6 All dividends paid or distributions made in respect of Exito Shares issued to a former GLN Shareholder or GLN Warrantholder for which a certificate representing Exito Shares has not been delivered to such GLN Shareholder or GLN Warrantholder in accordance with this Article 4 shall be paid or delivered to Exito’s transfer agent to be held in trust for such GLN Shareholder or GLN Warrantholder for delivery to such shareholder or warrantholder, net of all withholding and other taxes, upon delivery of the certificate in accordance with this

Article 4 or surrendered to Exito pursuant to Section **Error! Reference source not found.** hereof, as the case may be.

## ARTICLE 5 DISSENTING SHAREHOLDERS

5.1 Each registered GLN Shareholder may exercise rights of dissent ("**Dissent Rights**") pursuant to and in the manner set forth under Division 2 of Part 8 of the BCBCA, the Interim Order and this Section 5.1 in connection with the Arrangement, provided that the written objection to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by GLN at least two days before the GLN Meeting. GLN Shareholders who duly exercise such Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value by Exito for the GLN Shares in respect of which they have validly exercised Dissent Rights will be deemed to have irrevocably transferred such GLN Shares to Exito (free and clear of all Encumbrances) pursuant to Section 3.1(a); or
- (b) are ultimately not entitled, for any reason, to be paid fair value by Exito for the GLN Shares in respect of which they have exercised Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a holder of GLN Shares to which Section 3.1(b) applies;

but in no case will GLN, Exito or any other person, including Exito's transfer agent, be required to recognize any Dissenting GLN Shareholder as a holder of GLN Shares or common shares of the Amalgamated Company after the completion of the steps set out in Section 3.1(a). Each Dissenting GLN Shareholder will cease to be entitled to the rights of a GLN Shareholder in respect of the GLN Shares or any rights to be a GLN Shareholder in respect of the Amalgamated Company in relation to which such Dissenting GLN Shareholder has exercised Dissent Rights and the names of each Dissenting GLN Shareholder will be removed from the central securities register of GLN as of the commencement of the implementation of the Arrangement on the Effective Date. For greater certainty, and in addition to any other restriction under Section 242 of the BCBCA, neither:

- (i) Warrantholders, in any event, nor
- (ii) GLN Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution;

shall be entitled to exercise Dissent Rights.

## ARTICLE 6 AMENDMENTS

6.1 GLN and Exito may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) filed with the



Court and, if made following the GLN Meeting, approved by the Court; and (iii) communicated to holders of GLN Shares and GLN Warrants, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by GLN and Exito at any time prior to or at the GLN Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the GLN Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by Exito, provided that it concerns a matter which, in the reasonable opinion of Exito, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Exito, or any former holder of GLN Shares or GLN Warrants.



## AMENDING AGREEMENT

THIS AMENDING AGREEMENT is made effective as of March 31, 2017.

### BETWEEN:

**EXITO ENERGY II INC.**, a corporation existing under the laws of the Province of Alberta ("**Exito**")

- and -

**GOOD LIFE NETWORKS INC.**, a corporation existing under the laws of the Province of British Columbia ("**GLN**")

### RECITALS:

- A. **WHEREAS** Exito and GLN (collectively, the "**Parties**") are parties to an amended and restated arrangement agreement dated as of the 31<sup>st</sup> day of January 2017 (the "**Arrangement Agreement**");
- B. **AND WHEREAS** the Parties have agreed to amend certain terms set forth in the Arrangement Agreement;

**NOW THEREFORE** in consideration of the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereto agree as follows:

- 1. **Interpretation.** This Amending Agreement is supplemental to and shall form one agreement with the Arrangement Agreement, and the Arrangement Agreement and this Amending Agreement shall be read together and have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument. Capitalized terms that are not otherwise defined herein shall have the meaning attributed to those terms in the Arrangement Agreement.
- 2. **Amendments.**

The Arrangement Agreement be and is hereby amended as follows:

- (a) Section 1.1(jjj) of the Arrangement Agreement is hereby amended by deleting the words "April 28, 2017" and replacing them with "July 31, 2017";
- (b) Section 2.1(f) of the Arrangement Agreement is hereby amended by deleting the words "April 3, 2017" and replacing them with "June 16, 2017";
- (c) Section 2.2 of the Arrangement Agreement is hereby amended by deleting the words "February 21, 2017" and replacing them with "April 27, 2017";
- (d) Section 2.3 of the Arrangement Agreement is hereby amended by deleting the words "twelve months after the Effective Date" and replacing them with "May 13, 2018";
- (e) Section 2.6(a)(iii) of the Arrangement Agreement is hereby amended by deleting the words "March 23, 2017" and replacing them with "May 26, 2017";
- (f) Section 2.10 of the Arrangement Agreement is hereby amended by deleting and replacing the entire paragraph to read as follows:

## 2.10 Effective Date

The Arrangement shall become effective at the Effective Time. GLN shall use its reasonable commercial efforts to: (a) mail the Information Circular to the GLN Shareholders by April 28, 2017; (b) hold the GLN Meeting by May 26, 2017; and (c) cause the Effective Date to occur on or about June 16, 2017 or as soon thereafter as reasonably practicable and in any event by the Outside Date.";

- (g) Section 6.2(c) of the Arrangement Agreement is hereby amended by deleting the words "March 23, 2017" and replacing them with "May 26, 2017";
  - (h) Section 6.16(a)(i) of the Arrangement Agreement is hereby amended by deleting the words "February 21, 2017" and replacing them with "April 27, 2017";
  - (i) Section 7.3(b) of the Arrangement Agreement is hereby amended by deleting the words "March 23, 2017" and replacing them with "May 26, 2017";
  - (j) Section 8.1(b) of the Arrangement Agreement is hereby amended by deleting the words "February 21, 2017" and replacing them with "April 27, 2017";
  - (k) Section 9.3(c) of the Arrangement Agreement is hereby amended by deleting the words "March 23, 2017" and replacing them with "May 26, 2017";
  - (l) Section 9.3(m) of the Arrangement Agreement is hereby amended by deleting the words "February 21, 2017" and replacing them with "April 27, 2017"; and;
  - (m) Section 9.3(n) of the Arrangement Agreement is hereby amended by deleting the word "2017" in its entirety.
3. **Confirmation.** The Parties hereby acknowledge and confirm that, except as specifically amended by the provisions of this Amending Agreement, all of the terms and conditions contained in the Arrangement Agreement are and shall remain in full force and effect, un-amended, in accordance with the provisions thereof.
4. **General.**
- (a) This Amending Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.
  - (b) This Amending Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
  - (c) This Amending Agreement, when read together with the Arrangement Agreement, contains the entire agreement between the Parties with respect to the subject matter herein and supersedes any prior understanding or agreements between them respecting the subject matter.
  - (d) All provisions of this Amending Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the Parties, their respective successors and permitted assigns.

**IN WITNESS WHEREOF** the Parties have executed this Amending Agreement this 25<sup>th</sup> day of April, 2017, effective as of the 31<sup>st</sup> day of March 2017.

**EXITO ENERGY II INC.**

Per: (signed) "*Brad Docherty*"  
Brad Docherty  
President and Chief Executive Officer

**GOOD LIFE NETWORKS INC.**

Per: (signed) "*Jesse Dylan*"  
Jesse Dylan  
Chief Executive Officer

## SECOND AMENDING AGREEMENT

THIS SECOND AMENDING AGREEMENT is made effective as of March 31, 2017.

### BETWEEN:

**EXITO ENERGY II INC.**, a corporation existing under the laws of the Province of Alberta ("**Exito**")

- and -

**GOOD LIFE NETWORKS INC.**, a corporation existing under the laws of the Province of British Columbia ("**GLN**")

### RECITALS:

- A. **WHEREAS** Exito and GLN (collectively, the "**Parties**") are parties to an amended and restated arrangement agreement dated as of the 31<sup>st</sup> day of January 2017, as amended by an amending agreement dated effective March 31, 2017 (the "**Arrangement Agreement**");
- B. **AND WHEREAS** the Parties have agreed to amend certain terms set forth in the Arrangement Agreement;

**NOW THEREFORE** in consideration of the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereto agree as follows:

1. **Interpretation.** This Amending Agreement is supplemental to and shall form one agreement with the Arrangement Agreement, and the Arrangement Agreement and this Amending Agreement shall be read together and have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument. Capitalized terms that are not otherwise defined herein shall have the meaning attributed to those terms in the Arrangement Agreement.
2. **Amendments.**  
  
The Arrangement Agreement be and is hereby amended as follows:
  - (a) Section 8.2(d) of the Arrangement Agreement is hereby amended by deleting the words "118,922,784" and replacing them with "131,339,576";
3. **Confirmation.** The Parties hereby acknowledge and confirm that, except as specifically amended by the provisions of this Amending Agreement, all of the terms and conditions contained in the Arrangement Agreement are and shall remain in full force and effect, un-amended, in accordance with the provisions thereof.
4. **General.**
  - (a) This Amending Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.
  - (b) This Amending Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

- (c) This Amending Agreement, when read together with the Arrangement Agreement, contains the entire agreement between the Parties with respect to the subject matter herein and supersedes any prior understanding or agreements between them respecting the subject matter.
- (d) All provisions of this Amending Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the Parties, their respective successors and permitted assigns.

**IN WITNESS WHEREOF** the Parties have executed this Amending Agreement this 27<sup>th</sup> day of April, 2017, effective as of the 31st day of March 2017.

**EXITO ENERGY II INC.**

Per: (signed) "Brad Docherty"  
Brad Docherty  
President and Chief Executive Officer

**GOOD LIFE NETWORKS INC.**

Per: (signed) "Jesse Dylan"  
Jesse Dylan  
Chief Executive Officer

**APPENDIX "B"**  
**GLN ANNUAL FINANCIAL STATEMENTS**

## **GOOD LIFE NETWORKS INC.**

**Consolidated Financial Statements  
December 31, 2015 and 2014  
(Expressed in Canadian Dollars)**

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## INDEPENDENT AUDITORS' REPORT

### TO THE DIRECTORS OF GOOD LIFE NETWORKS INC.

We have audited the accompanying consolidated financial statements of Good Life Networks Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Good Life Networks Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
April 19, 2017



**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Financial Position**  
**December 31**  
**(Expressed in Canadian Dollars)**

	<b>2015</b>	<b>2014</b>
<b>Assets</b> (notes 9 and 18)		
<b>Current</b>		
Cash	\$ 145,037	\$ 22,838
Restricted cash (note 9)	50,000	-
Receivables	117,801	117,424
Prepays	15,597	28,125
Due from related parties (note 14)	-	50,000
	328,435	218,387
<b>Rental Deposits</b>	-	5,027
<b>Investment</b> (note 6)	-	348,030
<b>Equipment</b> (note 7)	18,763	26,415
	\$ 347,198	\$ 597,859
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 14)	\$ 1,199,406	\$ 433,420
Interest payable (notes 9 and 10)	105,151	83,510
Promissory notes (note 9)	913,720	-
	2,218,277	516,930
<b>Convertible Debentures</b> (note 10)	111,968	235,243
	2,330,245	752,173
<b>Shareholders' Deficiency</b>		
<b>Share Capital</b> (note 11)	5,842,745	4,519,709
<b>Shares to be Issued</b> (note 16(b))	32,842	-
<b>Share Subscriptions Received</b> (note 11)	20,833	405,000
<b>Convertible Debentures – Equity Component</b> (note 10)	16,136	34,960
<b>Reserves</b> (note 11)	140,218	140,218
<b>Deficit</b>	(8,035,821)	(5,254,201)
	(1,983,047)	(154,314)
	\$ 347,198	\$ 597,859

Approved on behalf of the Board:

*“Michael Woodman”*

.....  
Michael Woodman, Director

The accompanying notes are an integral part of these consolidated financial statements.

**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Comprehensive Loss**  
**Years Ended December 31**  
**(Expressed in Canadian Dollars)**

	<b>2015</b>	<b>2014</b>
<b>Revenue</b>	\$ 199,606	\$ 608,274
<b>Operating Expenses</b>		
Accounting, legal and audit (note 14)	453,618	227,238
Accretion and interest (notes 9 and 10)	88,668	66,581
Advertising, promotion and marketing	29,270	100,124
Amortization (note 7)	11,451	12,787
Bad debts	31,070	70,710
Commissions (note 14)	18,970	27,903
Consulting fees (notes 14 and 16(b))	516,064	480,195
Financing fees (note 9)	1,278	-
Management fees (note 14)	240,000	253,500
Meals and entertainment	17,663	43,011
Office, software and general	91,425	114,609
Production and broadcasting (note 14)	253,382	828,321
Rental	150,350	125,740
Telecommunications	10,184	16,819
Travel	26,070	103,790
Wages and salaries (note 14)	168,250	256,786
	2,107,713	2,728,114
<b>Operating Loss</b>	(1,908,107)	(2,119,840)
Loss on conversion and settlement of convertible debenture	(2,373)	-
Impairment (notes 6 and 8)	(871,140)	-
<b>Net Loss and Comprehensive Loss for the Year</b>	\$ (2,781,620)	\$ (2,119,840)
<b>Basic and Diluted Loss Per Share</b>	\$ (0.05)	\$ (0.04)
<b>Weighted Average Number of Common Shares Outstanding</b>	59,773,077	50,589,093

The accompanying notes are an integral part of these consolidated financial statements.

**GOOD LIFE NETWORKS INC.**  
Consolidated Statements of Changes in Shareholders' Deficiency  
(Expressed in Canadian Dollars)

	Share Capital				Reserves	Shares to be Issued	Share Subscriptions Received	Deficit	Total
	Number	Amount	Convertible Debentures – Equity Component	Amount					
<b>Balance, December 31, 2013</b>	42,241,258	\$ 3,161,564	\$ 34,960	\$ 63,124	\$ -	\$ 157,000	\$ (3,134,361)	\$ 282,287	
Share capital issued	12,748,000	1,593,500	-	-	-	(157,000)	-	1,436,500	
Share issue costs	-	(235,355)	-	77,094	-	-	-	(158,261)	
Share subscriptions received	-	-	-	-	-	405,000	-	405,000	
Net loss for the year	-	-	-	-	-	-	(2,119,840)	(2,119,840)	
<b>Balance, December 31, 2014</b>	54,989,258	4,519,709	34,960	140,218	-	405,000	(5,254,201)	(154,314)	
Share capital issued	13,894,000	1,027,250	-	-	-	(305,000)	-	722,250	
Share issue costs	-	(46,958)	-	-	-	-	-	(46,958)	
Shares to be issued	-	-	-	-	32,842	-	-	32,842	
Share subscriptions cancelled	-	-	-	-	-	(100,000)	-	(100,000)	
Share subscriptions received	-	-	-	-	-	20,833	-	20,833	
Shares issued for services	2,500,000	125,000	-	-	-	-	-	125,000	
Shares issued for intangible assets	2,100,000	105,000	-	-	-	-	-	105,000	
Conversion of debentures	2,066,630	112,744	(9,412)	-	-	-	-	103,332	
Repayment of debentures	-	-	(9,412)	-	-	-	-	(9,412)	
Net loss for the year	-	-	-	-	-	-	(2,781,620)	(2,781,620)	
<b>Balance, December 31, 2015</b>	75,549,888	5,842,745	16,136	140,218	\$ 32,842	\$ 20,833	\$ (8,035,821)	\$ (1,983,047)	

The accompanying notes are an integral part of these consolidated financial statements.

**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31**  
**(Expressed in Canadian Dollars)**

	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Net loss for the year	\$ (2,781,620)	\$ (2,119,840)
Items not involving cash		
Amortization	11,451	12,787
Accrued interest	83,242	59,592
Accretion interest	5,426	6,989
Bad debts	31,070	70,710
Shares issued for services	125,000	-
Shares to be issued for services	32,842	-
Loss on conversion and settlement of convertible debenture	2,373	-
Impairment of investments	871,140	-
	(1,619,076)	(1,969,762)
Changes in non-cash working capital		
Receivables	(31,447)	(71,709)
Prepays and rental deposits	17,555	81,517
Accounts payable and accrued liabilities	715,986	403,338
<b>Cash Used in Operating Activities</b>	<b>(916,982)</b>	<b>(1,556,616)</b>
<b>Investing Activities</b>		
Purchase of equipment	(3,799)	(16,032)
Investments	(209,055)	(348,030)
<b>Cash Used in Investing Activities</b>	<b>(212,854)</b>	<b>(364,062)</b>
<b>Financing Activities</b>		
Change in restricted cash	(50,000)	-
Issuance of share capital, net	675,292	1,378,239
Share subscriptions received	20,833	405,000
Issuance of promissory notes	750,000	-
Financing fees on promissory notes	(45,335)	-
Repayment of convertible debenture	(70,000)	-
Interest repaid on convertible debenture	(28,755)	-
<b>Cash Provided by Financing Activities</b>	<b>1,252,035</b>	<b>1,783,239</b>
<b>Inflow (Outflow) of Cash</b>	<b>122,199</b>	<b>(137,439)</b>
<b>Cash, Beginning of Year</b>	<b>22,838</b>	<b>160,277</b>
<b>Cash, End of Year</b>	<b>\$ 145,037</b>	<b>\$ 22,838</b>

Supplemental disclosure of cash flow information (note 12)

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Good Life Networks Inc. (the "Company") was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The Company's goal is to become a commercially focused digital branding and advertising agency.

The principal business office of the Company is located at Suite 209, 1455 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7T 1C3.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Since inception the Company has incurred operating losses. For the year ended December 31, 2015, the Company had a net loss and comprehensive loss of \$2,781,620 (2014 - \$2,119,840) and as at December 31, 2015 has a deficit of \$8,035,821 (2014 - \$5,254,201) and a working capital deficit of \$1,889,842 (2014 - \$298,543). The Company will require additional funding in order to satisfy its liabilities as they become due and identify new business opportunities. The Company plans to generate the necessary resources to finance operations by way of a combination of sales of its products, and issuance of equity securities and debt investments.

The consolidated financial statements do not reflect adjustments to the amounts and classifications of assets and liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Approval of the consolidated financial statements

These consolidated financial statements were reviewed, approved and authorized for issue by the sole director of the Company on April 19, 2017.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

- (i) The determination of the fair value of stock options and warrants using stock pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the input assumptions could materially affect the fair value estimate.
- (ii) The determination of the fair value of convertible debentures requires the input of highly subjective assumptions, including the expected discount rate. Changes in the input assumptions could materially affect the fair value estimate.

Significant areas requiring the use of judgments include:

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its product development and working capital requirements.
- (iii) The application of the Company's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after amounts are capitalized, information becomes available suggesting that the recovery of the amounts capitalized is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.
- (iv) Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Company's financial ability to continue marketing and sales activities and operations.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of estimates and judgments (Continued)

- (v) The recoverability of the carrying value of the Company's investment (note 6) requires management to determine whether there are any indicators of impairment. Management considers both the internal and external sources of information when making the assessment of whether there are indicators of impairment of the underlying assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit.
- (v) The recoverability of receivables, which are included in the consolidated statements of financial position.
- (vi) Proceeds received on the issuance of units, consisting of common shares and warrant components, are allocated using the residual method whereby proceeds are allocated first to common shares based on an estimate of fair value of the common shares at the time the units are priced, and any excess is allocated to warrants. Management's judgment is used in the method used to establish the fair value of the components.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Company to the periods presented.

(a) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Megacast Networks Inc. All intercompany transactions and balances have been eliminated.

(b) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(b) Income taxes (Continued)

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Capital assets

The Company's capital assets are recorded at historical cost less accumulated amortization. Amortization of capital assets is calculated on a declining-balance basis at the following annual rates:

Computer hardware	- 55%
Office furniture	- 20%

(d) Share issue costs

The Company accounts for share issue costs by deferring the costs until the shares are issued, at which time the costs are charged to share capital as share issue costs. If the share offering does not proceed, the costs are expensed.

(e) Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the sale proceeds is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risk and rewards of ownership pass to the customer upon completion of the services or upon invoicing depending on the agreement with the customer. Provisions for sales discounts, returns and miscellaneous claims from customers, if any, are made at the time of sale.



**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(f) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes option pricing model, which incorporates all market vesting conditions. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(g) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing share options and share purchase warrants have not been included in the computation of diluted loss per share, as they would be anti-dilutive. Accordingly, basic and diluted loss per share is the same.

(h) Convertible debenture

The Company evaluates the terms of a financial instrument to determine whether it contains both a liability and an embedded derivative. The Company recognizes separately the components of a financial instrument that create a financial liability and grants an option to the holder of the instrument to convert it into equity of the Company. On initial recognition, the instrument's fair value is allocated between the liability and the equity components using the residual method. The fair value of any derivative feature embedded in the compound financial instrument (other than the equity component, such as an equity conversion feature) is presented as a liability instrument.

(i) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity ("HTM"), AFS, and loans and receivables. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Financial instruments (Continued)

(i) Financial assets (Continued)

*Fair value through profit or loss financial assets*

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or, if it is a derivative that is not designated and effective, as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred.

Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

*Held-to-maturity financial assets*

HTM financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

*Available-for-sale financial assets*

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive loss and classified as a component of equity.

*Loans and receivables financial assets*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

*Effective interest method*

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Financial instruments (Continued)

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities at FVTPL.

*Other financial liabilities*

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in operations. Transaction costs are recognized in operations as incurred.

(iii) Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(j) New and revised standards that are effective

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2015. The mandatory adoption of the following new and revised accounting standards had no significant impact on the Company's consolidated financial statements for the periods presented.

Information on the new standards that are relevant for the Company is presented below.

***Annual Improvements 2010-2012 Cycle***

<i>Issued by IASB</i>	December 2013
<i>Effective for annual periods beginning</i>	January 1, 2015

Makes amendments to the following standards:

- IFRS 2 — Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

***Annual Improvements 2011-2013 Cycle***

<i>Issued by IASB</i>	December 2013
<i>Effective for annual periods beginning</i>	January 1, 2015

Makes amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRS can be used on initial adoption (amends basis for conclusions only).
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52.

(k) Accounting standards issued but not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been early-adopted by the Company.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Accounting standards issued but not yet effective (Continued)

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's consolidated financial statements. All of the new and revised standards described below may be early-adopted.

***Annual Improvements 2012-2014 Cycle***

*Issued by IASB* September 2014  
*Effective for annual periods beginning* January 1, 2016

The following standards have been revised to incorporate amendments issued by the IASB:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- *IFRS 7 Financial Instruments: Disclosures* – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.
- *IAS 19 Employee Benefits* – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- *IAS 34 Interim Financial Reporting* – Clarifies the meaning of disclosure of information "elsewhere in the interim financial report".

***IFRS 9 Financial Instruments***

*Issued by IASB* July 2014  
*Effective for annual periods beginning* January 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- ***Classification and measurement of financial assets:***  
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Accounting standards issued but not yet effective (Continued)

**IFRS 9 *Financial Instruments* (Continued)**

- *Classification and measurement of financial liabilities:*  
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*  
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*  
Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

**IFRS 15 *Revenue from Contracts with Customers***

*Issued by IASB* May 2014  
*Effective for annual periods beginning* January 1, 2018

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Revenue is recognized based on a five-step model:
  1. Identify the contract with customer;
  2. Identify the performance obligations;
  3. Determine the transaction price;
  4. Allocate the transaction price to the performance obligations; and
  5. Recognize revenue when (or as) the performance obligations are satisfied.
- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Accounting standards issued but not yet effective (Continued)

***Equity Method in Separate Financial Statements (Amendments to IAS 27)***

<i>Issued by IASB</i>	August 2014
<i>Effective for annual periods beginning</i>	January 1, 2016

Amends IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

**4. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' deficiency, convertible debentures and promissory notes.

The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt. The Company will need to issue new shares or debt to satisfy its current liabilities and to fund future operating activities. There were no changes in the Company's approach to capital management during the year ended December 31, 2015.

**5. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; accounts receivable and due from related parties are classified as loans and receivables; investments are classified as financial assets at FVTPL; and promissory notes, interest payable, accrued liabilities and convertible debentures are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments, other than convertible debentures, approximate their fair values due to their short term to maturity. The carrying value of convertible debentures approximates fair value as they are at market rates of interest.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.



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**5. FINANCIAL INSTRUMENTS (Continued)**

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is \$195,037 (2014 - \$22,838).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is \$30,841 (2014 - \$45,334).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2015, the Company has \$145,037 (2014 - \$22,838) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$1,199,406 (2014 - \$433,420) and interest payable of \$105,151 (2014 - \$83,510) are due within three months. Promissory notes of \$913,720 (2014 - \$nil) are due within twelve months. Convertible debentures in the principal amount of \$120,000 (2014 - \$260,000) are due June 27, 2018.

The Company manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities. In addition, the Company's promissory notes and convertible debentures carry interest rates that approximate market rates of interest.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.



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**5. FINANCIAL INSTRUMENTS (Continued)**

(c) Market risk (Continued)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

**6. INVESTMENT**

During the year ended December 31, 2014, the Company paid \$348,030 (US \$300,000) to acquire common shares in Business Rockstars, LLC ("BRL"), a broadcast media company. At December 31, 2015, the Company owned 3.5% (2014 - 3.5%) of the outstanding common shares of BRL. The investment is carried at cost, as there is no active market for the common shares of BRL.

As at December 31, 2015, management determined that there was insufficient information available to support a reliable estimate of a recoverable amount of the investment and therefore recognized an impairment against the full investment of \$348,030. This was determined in accordance with Level 3 of the fair value hierarchy.

**7. EQUIPMENT**

	<b>Computer Hardware</b>	<b>Office Furniture</b>	<b>Total</b>
<b>COST</b>			
Balance, December 31, 2013	\$ 37,381	\$ 15,061	\$ 52,442
Additions	12,433	3,599	16,032
Balance, December 31, 2014	49,814	18,660	68,474
Additions	3,799	-	3,799
Balance, December 31, 2015	\$ 53,613	\$ 18,660	\$ 72,273
<b>ACCUMULATED AMORTIZATION</b>			
Balance, December 31, 2013	\$ 24,882	\$ 4,390	\$ 29,272
Additions	10,293	2,494	12,787
Balance, December 31, 2014	35,175	6,884	42,059
Additions	9,096	2,355	11,451
Balance, December 31, 2015	\$ 44,271	\$ 9,239	\$ 53,510
<b>CARRYING VALUE</b>			
December 31, 2014	\$ 14,639	\$ 11,776	\$ 26,415
December 31, 2015	\$ 9,342	\$ 9,421	\$ 18,763

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**8. INTANGIBLE ASSETS**

*Good Life Communications*

On October 19, 2015, the Company issued 2,100,000 common shares to acquire the following assets of Good Life Communications Inc., a company related by a common director (note 14):

- "The Good Life Show", which is currently syndicated into 35 radio markets throughout North America;
- the on-air personality Jesse Dylan as host and executive producer of The Good Life Show;
- the extensive library of all previous Good Life show broadcasts; and
- the podcast library of a number of well recognized stars and celebrities.

These assets were intangible in nature and were valued at \$105,000 based on the fair value of the Company's common shares. Upon closing of the asset acquisition, the consulting services agreement between the Company and Good Life Communications Inc. having an effective date of January 1, 2014, was terminated.

As at December 31, 2015, management determined that there was insufficient information to support a reliable estimate of a recoverable value for these intangible assets, and has accordingly recorded an impairment against the full asset carrying value of \$105,000 determined in accordance with Level 3 of the fair value hierarchy.

*AmpMobile Assets*

On December 21, 2015, the Company entered into an agreement with Lerna, LLC ("Lerna") to acquire a 100% interest in its advertising exchange platform, AmpDesk Mobile ("AmpMobile"). Consideration for the acquisition is as follows:

- US \$150,000 in cash upon closing (paid);
- A secured promissory note in the principal amount of US \$150,000 (note 9); and
- 10.9% of the common shares of a Special Purpose Operating Company ("SPOC").

The Company intends to enter into a definitive agreement with an unidentified publicly traded SPOC, which would be considered a reverse takeover ("RTO") of the SPOC. In conjunction with the RTO, 10.9% of the issued and outstanding common shares of the SPOC would be issued to Lerna.

The assets to be acquired included assigned contracts, records, and customer data. The estimated fair value of the cash payment and promissory note of \$418,110 (US \$300,000) was recorded as the cost of the acquisition of assets.

Subsequent to December 31, 2015, and prior to closing a definitive agreement with a SPOC, the transaction with Lerna was abandoned. As the transaction was abandoned, management estimated the recoverable value of the investment in assets to be \$nil, and therefore, recognized an impairment against the full asset carrying value of \$418,110, determined in accordance with Level 3 of the fair value hierarchy.

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**9. PROMISSORY NOTES**

Promissory note - Lerna (US \$150,000)	\$	209,055
Unamortized financing fees		(45,335)
Loan agreement		750,000
Balance, December 31, 2015	\$	913,720

*Lerna Promissory Note*

On April 22, 2015, the Company issued a secured promissory note in the amount of US \$150,000 to Lerna as part of the acquisition of AmpMobile (note 8). The promissory note has a term of one year and interest of 24% per annum. Repayments are based on the net cash flow of the AmpMobile division. Management is in dispute over the promissory note that became due April 22, 2016, as the transaction with Lerna was never completed and thus the amount remains unpaid.

At December 31, 2015, accrued interest of \$32,313 (2014 - \$nil) was payable.

*Loan Agreement*

On December 21, 2015, the Company entered into a loan agreement with a group of lenders. The Company issued promissory notes for gross proceeds of \$750,000, with a term of one year and interest of 24% per annum (note 18(g)). In connection with the promissory notes, the Company incurred \$46,613 in additional financing fees, which are being amortized over the term of promissory notes of one year. At December 31, 2015 the unamortized balance amounts to \$45,335. Interest is payable on a monthly basis. As part of the loan agreement, \$50,000 is segregated and restricted and is to be used towards interest payments only. The principal amount is due on the last day of the term. To the extent that any revenue or cash flow is generated by AmpMobile or by the Company, payments of 80% of such amounts are due at prescribed times during the term of the loan. The promissory notes are collateralized by a general security agreement entered into with the lenders providing the lenders a first secured interest in the assets of the Company.

For the principal amount of \$750,000 being advanced, the lenders received 802,500 special warrants that will automatically convert into share purchase warrants as follows:

- (i) Upon completion of the transaction with SPOC, the special warrants will automatically convert, without further consideration, into warrants of the SPOC, exercisable for a period of five years. The exercise price will be the lesser of the share price utilized in completing the RTO discounted by 25% per share, and the share price utilized for the financing completed by the SPOC with respect to the RTO discounted by 25%.

If the Company's special warrants are converted into warrants of the SPOC and a concurrent financing is completed of no less than \$4,000,000, which results in the aggregate number of shares to be acquired by the holders of the warrants being less than 2% on a fully diluted basis, then warrants of the SPOC issued to the lenders shall be increased to equal 2% of the outstanding warrants of the SPOC on a fully diluted basis.

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**9. PROMISSORY NOTES (Continued)**

- (ii) If the RTO is not completed within the term of the loan, the special warrants will automatically convert into 8,025,000 warrants of the Company, exercisable for a period of five years at an exercise price of \$0.025 per share.

On inception, the Company allocated the total loan proceeds received between the liability and warrant (equity) components of the convertible debenture using the residual method. However, due to the short-term nature of the amounts advanced, the face value of the loan was estimated to approximate the fair value, and warrant value was assessed to be \$nil using the residual method.

At December 31, 2015, accrued interest of \$6,513 (2014 - \$nil) was payable.

**10. CONVERTIBLE DEBENTURES**

During the year ended December 31, 2013, the Company raised \$260,000 through the issuance of convertible debentures. The convertible debentures bear interest at 20% per annum, are payable monthly, and are convertible into common shares of the Company at a price of \$0.05 per share. Five of the notes with principal amounts totaling \$190,000 were convertible on or before June 27, 2018, while one of the notes with a principal amount of \$70,000 was convertible on or before September 6, 2018.

On inception, the Company allocated the total proceeds received between the liability and equity components of the convertible debenture using the residual method, based on a discount rate of 25%, which is the estimated cost at which the Company could borrow similar debt without a conversion feature. The liability component is measured at amortized cost and is accrued over the expected term to maturity using the effective interest method. The equity component is presented as a component of shareholders' equity.

During the year ended December 31, 2015, the Company reached an agreement to repay one of the debentures with principal of \$70,000 and accrued interest of \$29,165 with a cash payment of \$98,755. In addition, \$9,412 representing the equity portion of the convertible note on inception was reversed on settlement. The resulting gain of \$410 was recorded in the consolidated statement of comprehensive loss.

Additionally, two debentures with a combined principal amount of \$70,000 and accrued interest of \$33,332 were converted into 2,066,630 common shares at a fair value of \$0.05 per share of the Company (note 11(b)); \$9,412 representing the equity portion of the convertible note on inception was also reclassified to share capital on conversion. This conversion settled an outstanding liability including accrued interest of \$109,961 was settled. In addition, the resulting loss of \$2,783 was recorded in the consolidated statement of comprehensive loss.

At December 31, 2015, accrued interest of \$66,325 (2014 - \$83,510) remains unpaid.

On inception, the debentures were allocated into the liability and equity components as follows:

Fair value of convertible debentures	\$	260,000
Portion of convertible debentures allocated to equity		(34,960)
Portion of convertible debentures allocated to liability	\$	225,040

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**10. CONVERTIBLE DEBENTURES (Continued)**

A continuity of the equity portion of the convertible debentures is as follows:

Balance December 31, 2013 and 2014	\$	34,960
Portion of repayment of convertible debenture allocated to equity		(9,412)
Portion of conversions of convertible debentures allocated to equity		(9,412)
<hr/>		
Balance, December 31, 2015	\$	16,136

A continuity of the liability portion of the convertible debentures is as follows:

Balance December 31, 2013	\$	228,254
Accretion interest expense		6,989
<hr/>		
Balance, December 31, 2014		235,243
Portion of repayment of convertible debenture allocated to liability		(63,763)
Portion of conversions of convertible debentures allocated to liability		(64,938)
Accretion interest expense		5,426
<hr/>		
Balance, December 31, 2015	\$	111,968

**11. SHARE CAPITAL**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

*During the year ended December 31, 2015*

On October 19, 2015, the Company issued 2,100,000 common shares (valued at \$105,000) to acquire the assets of Good Life Communications Inc. (notes 8 and 14).

The Company issued 13,694,000 common shares and 200,000 units for total proceeds of \$1,027,250, of which \$305,000 was received during the year ended December 31, 2014. The Company incurred share issue costs of \$46,958 related to the private placements. Each unit comprised one common share and one common share purchase warrant exercisable at \$0.125 for two years.

Share subscriptions of \$100,000 for 800,000 common shares received during the year ended December 31, 2014 were cancelled and no shares were issued. The amount of \$100,000 is included in accounts payable as at December 31, 2015.

The Company issued 2,500,000 common shares of the Company at a fair value of \$125,000 for consulting services rendered.

The Company issued 2,066,630 common shares on the conversion of two convertible debentures with principal of \$70,000 and accrued interest of \$30,549 (note 10).

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**11. SHARE CAPITAL (Continued)**

(b) Issued (Continued)

The Company received share subscriptions of \$20,833 for common shares at a price of \$0.125 per share. These common shares were issued on September 20, 2016 (note 18(e)).

*During the year ended December 31, 2014*

The Company issued 12,748,000 common shares for total proceeds of \$1,593,500, of which \$157,000 was received during the year ended December 31, 2013. The Company paid cash finders' fees of \$113,650 and issued 909,200 finders' warrants at a fair value of \$77,094 (note 11(c)). The finders' warrants are exercisable for one common share of the Company at a price of \$0.125 and have an expiry date 36 months from the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States. The Company also incurred other share issue costs of \$44,611 related to a private placement of common shares.

(c) Finders' warrants

During the year ended December 31, 2014, the Company recognized share issue costs of \$77,094 for 909,200 finder's warrants issued in conjunction with common shares issued during that year.

The fair value of finders' warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>2015</b>	<b>2014</b>
Risk-free interest rate	N/A	1.15%
Expected dividend yield	N/A	\$0.00
Expected stock price volatility	N/A	100.00%
Expected life in years	N/A	3.82

The expected volatility is based on an average of historical prices of a comparable group of companies within the same industry due to a lack of historical pricing information for the Company.

Finder's warrant transactions and the number of finders' warrants outstanding are summarized as follows:

	<b>2015</b>		<b>2014</b>	
	Number of Finders' Warrants	Weighted Average Exercise Price	Number of Finders' Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,249,200	\$ 0.125	340,000	\$ 0.125
Issued	-	-	909,200	\$ 0.125
Outstanding, end of year	1,249,200	\$ 0.125	1,249,200	\$ 0.125

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**11. SHARE CAPITAL (Continued)**

(c) Finders' warrants (Continued)

The following finders' warrants were outstanding at December 31, 2015 and 2014:

<b>Grant Date</b>	<b>Exercise Price</b>	<b>Number of Finders' Warrants</b>
December 18, 2013	\$ 0.125	120,000
December 20, 2013	\$ 0.125	20,000
December 23, 2013	\$ 0.125	200,000
February 28, 2014	\$ 0.125	172,400
March 27, 2014	\$ 0.125	34,000
May 9, 2014	\$ 0.125	80,000
May 16, 2014	\$ 0.125	114,400
May 30, 2014	\$ 0.125	163,600
June 12, 2014	\$ 0.125	46,400
June 30, 2014	\$ 0.125	80,000
August 19, 2014	\$ 0.125	80,000
September 12, 2014	\$ 0.125	35,600
October 1, 2014	\$ 0.125	54,800
October 31, 2014	\$ 0.125	48,000
	\$ 0.125	1,249,200

All finders' warrants become exercisable on the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States. The finders' warrants expire 36 months after that date.

(d) Warrants

During the year ended December 31, 2015, the Company issued 802,500 special warrants in accordance with a loan agreement with a group of lenders for gross proceeds of \$750,000 (note 9). The value of the warrants was assessed to be \$nil using the residual value method.

During the year ended December 31, 2015, the Company issued 200,000 warrants exercisable at \$0.125 expiring October 19, 2017.

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**12. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

	2015	2014
<b>Additional Information</b>		
Shares issued for intangible assets	\$ 105,000	\$ -
Shares issued on conversion of convertible debentures	\$ 103,332	\$ -
Share subscriptions received reallocated to accounts payable	\$ 100,000	\$ -
Investment acquired by promissory note (note 9)	\$ 209,055	\$ -
Interest converted into common shares (note 10)	\$ 33,332	\$ -
Interest paid (note 10)	\$ 28,755	\$ -
Shares to be issued for consulting services (note 16(b))	\$ 32,842	\$ -

**13. INCOME TAXES**

The Company has non-capital losses of approximately \$6,220,000 available that may be carried forward and applied against future income for Canadian income tax purposes. The tax effect has not been recorded in the consolidated financial statements. The non-capital losses expire as follows:

2031	\$ 239,000
2032	889,000
2033	1,040,000
2034	2,119,000
2035	1,933,000
	<b>\$ 6,220,000</b>

Management continually evaluates the likelihood that its deferred tax assets could be realized. The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable that sufficient taxable income will exist in the future to utilize deferred tax assets. Consequently, the Company has tax assets relating to deductible temporary differences and unused tax losses of \$879,760 (2014 - \$604,140) for which no deferred tax asset is recognized, as it is not probable that the deferred tax assets will be realized in the future.

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	2015	2014
Equipment	\$ 6,028	\$ 4,472
Share issue costs	34,107	20,940
Non-capital losses carried forward	839,625	578,728
Unrecognized deductible temporary differences	\$ 879,760	\$ 604,140



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**13. INCOME TAXES** (Continued)

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 13.5% to loss before income taxes. The reasons for the differences are as follows:

	<b>2015</b>	<b>2014</b>
Net loss	\$ 2,781,620	\$ 2,119,840
Statutory tax rate	13.5%	13.5%
Expected income tax benefit	375,519	286,178
Other adjustments for tax purposes	(1,192)	(2,903)
Change in timing difference	(98,707)	20,360
Unrecognized benefit of deferred tax assets	(275,620)	(303,635)
	\$ -	\$ -

**14. RELATED PARTY TRANSACTIONS**

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include directors and officers.

*Key management compensation comprises*

	<b>2015</b>	<b>2014</b>
Short-term cash compensation	\$ 418,050	\$ 360,356

Short-term cash compensation consisted of \$240,000 (2014 - \$253,500) in management fees charged by a company controlled by the CEO, \$100,000 (2014 - \$71,856) in consulting fees, \$36,000 (2014 - \$35,000) in accounting fees charged by a company controlled by the CFO, \$5,600 (2014 - \$nil) in commissions and \$36,450 (2014 - \$nil) in share issue costs.

During the year ended December 31, 2015, production and broadcasting costs of \$225,000 (2014 - \$323,810) were paid to Good Life Communications Inc., a company related through a common director. As at December 31, 2015, the Company has amounts due from this related party of \$nil (2014 - \$50,000) and these amounts represent non-interest-bearing loans, which are uncollateralized and repayable on demand. On October 19, 2015, the Company issued 2,100,000 common shares with an estimated fair value of \$105,000 in order to acquire the assets of Good Life Communications Inc. (note 8).

During the year ended December 31, 2015, \$168,250 (2014 - \$256,786) of short-term compensation included in wages and salaries were paid to close family members of the CEO.

At December 31, 2015, included in accounts payable and accrued liabilities was \$187,289 (2014 - \$nil) owing to officers and a director for management, consulting and accounting fees and \$46,025 (2014 - \$305) owing to close family members of the CEO for wages and salaries.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**15. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, digital branding and advertising. All of its assets are held in Canada; 95% of its revenues are earned in the United States.

**16. COMMITMENTS**

- (a) On May 4, 2012, the Company entered into a premises lease for a term of 36 months commencing June 1, 2012. The lease was extended for an additional 14 months. On December 6, 2013, the Company entered into another premises lease agreement for a term of 31 months for additional premises commencing January 1, 2014. Base rent plus estimated operating costs over the remaining lease term is \$92,989.
- (b) Pursuant to a consulting agreement dated April 10, 2015, the Company agreed to issue 875,000 common shares to Cedarpoint Capital Inc. on April 10, 2015 in exchange for consulting services to be rendered over a period of twelve months. The Company assessed the fair value of the common shares to be issued at December 31, 2015 to be \$32,842 and has expensed this amount as consulting fees.

**17. CONTINGENCIES**

In December 2016, the Company filed a civil claim against, among others, Lerna (note 8), Lernalabs Ltd. ("Lernalabs") (note 18) and lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "Claim"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement (note 9) and further they were misrepresented into entering into the loan agreement and consulting services agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;

- Rescission of the loan agreement and consulting services agreement with Lernalabs and recovery of any amounts paid pursuant to the consulting services agreement; and
- Recovery of costs associated with the various agreements.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking relief for the promissory note principal in the amount of US \$150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable.

At the date of the consolidated financial statements, the outcome of these claims cannot be determined and no additional amounts have been accrued.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**18. EVENTS AFTER THE REPORTING DATE**

The following events occurred after December 31, 2015:

- (a) On March 30, 2016, the Company entered into a secured and subordinated loan agreement (the "Loan Agreement") with Lernalabs, a company incorporated in Cyprus, and related to Lerna (note 8) pursuant to which Lernalabs agreed to loan to the Company an aggregate principal of up to US \$1,000,000. Pursuant to the Loan Agreement, Lernalabs has advanced US \$453,165 to the Company by way of promissory notes issued to Lernalabs. In addition, US \$66,500 was received by the Company for which no promissory note has been issued.

The loans are collateralized by a general security agreement on all the assets of the Company, which is subordinate to the Company's existing promissory notes (note 9).

- (b) Concurrent with the Loan Agreement, the Company entered into a consulting services agreement (the "Consulting Services Agreement") with Lernalabs pursuant to which Lernalabs agreed to provide consulting services to the Company for a term of three years commencing March 1, 2016 in exchange for a payment of US \$1,500,000 due on the date that is the later of (i) 13 months from the date of listing of the Company's shares for trading on an exchange (as defined in the agreement), and (ii) 18 months from March 1, 2016. The Consulting Services Agreement also provides that the Company will pay Lernalabs a monthly fee of US \$15,000. The Company terminated the Consulting Services Agreement on August 17, 2016.
- (c) Pursuant to a consulting agreement dated March 1, 2016, the Company issued 3,000,000 common shares to 986992 Alberta Limited ("Alberta") effective on signing of the consulting agreement with a term of one year. The consulting agreement also provides that the Company will pay to Alberta a monthly fee of US \$25,000.
- (d) In April 2016, the Company entered into an agreement with Stella 3000 Ltd. ("Stella"), pursuant to which Stella has agreed to design and deliver a desktop video and mobile web video arbitrage platform (the "Platform"). Pursuant to the agreement, the Company will pay Stella a monthly retainer of US \$25,000 for the term of the agreement commencing March 1, 2016 and ending September 1, 2017. Upon the completion and delivery of the Platform, and upon completion by the Company of a public or private financing, the Company will pay Stella a bonus of US \$250,000.
- (e) On September 20, 2016, the Company issued 170,000 common shares at \$0.125 per share and 6,259,000 common shares at \$0.05 per share by way of private placement. Also on September 20, 2016, the Company issued an aggregate of 10,800,000 common shares at a fair value of \$0.05 per share in settlement of debt amounting to \$540,000.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Consolidated Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

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**18. EVENTS AFTER THE REPORTING DATE (Continued)**

- (f) On October 7, 2016, the Company entered into an arrangement agreement with Exito Energy II Inc. ("Exito") with respect to a proposed business combination intended to constitute Exito's qualifying transaction, as such term is defined under the policies of the TSX Venture Exchange. The transaction will be structured as a share exchange by way of plan of arrangement (the "Arrangement") under the provisions of the *Business Corporations Act* (British Columbia), whereby, among other things, the holders of common shares of the Company will receive 0.2601 of one common share of Exito (on a post-consolidated basis) for each common share held. Exito will become the sole shareholder of the Company, and will subsequently amalgamate with the Company and the resulting combined entity will be listed on the TSX Venture Exchange. Completion of the Arrangement is subject to, among other things, satisfaction of all closing conditions including receipt of all requisite regulatory, court and shareholder approvals.
  
- (g) On December 21, 2016, the Company extended the repayment date of the loan agreement (note 9) originally entered into December 21, 2015 for the principal amount of \$750,000 to April 30, 2017 and issued 447,500 additional special warrants of the Company to the lenders as consideration.

**GOOD LIFE NETWORKS INC.**

**Consolidated Financial Statements  
December 31, 2013, 2012, and 2011  
(Expressed in Canadian Dollars)**

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**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF GOOD LIFE NETWORKS INC.**

We have audited the accompanying consolidated financial statements of Good Life Networks Inc., which comprise the consolidated statements of financial position as at December 31, 2013, 2012 and 2011, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2013 and 2012 and the initial 136-day period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Good Life Networks Inc. as at December 31, 2013, 2012 and 2011, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 and the initial 136-day period ended December 31, 2011 in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

*Smythe Ratcliffe LLP*

Chartered Accountants

Vancouver, British Columbia  
March 20, 2014

**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Financial Position**  
**December 31**  
**(Expressed in Canadian Dollars)**

	2013	2012	2011
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 160,277	\$ 10,499	\$ -
Receivables	116,425	79,551	-
Share subscriptions receivable (note 8)	100,000	-	-
Prepays	95,350	-	-
Due from related parties (note 10)	50,000	50,000	-
	522,052	140,050	-
<b>Rental Deposits</b>	19,319	10,000	-
<b>Capital Assets</b> (note 6)	23,170	28,880	2,184
	\$ 564,541	\$ 178,930	\$ 2,184
<b>Liabilities</b>			
<b>Current</b>			
Bank indebtedness	\$ -	\$ -	\$ 11,422
Accounts payable and accrued liabilities	30,082	12,197	9,519
Interest payable (note 7)	23,918	-	-
Due to related parties (note 10)	-	-	1,917
	54,000	12,197	22,858
<b>Convertible Debentures</b> (note 7)	228,254	-	-
	282,254	12,197	22,858
<b>Shareholders' Equity (Deficiency)</b>			
<b>Share Capital</b> (note 8)	3,161,564	1,318,508	926
<b>Share Subscriptions Received</b> (note 8)	157,000	-	219,345
<b>Convertible Debentures – Equity Component</b> (note 7)	34,960	-	-
<b>Reserves</b> (note 8)	63,124	-	-
<b>Deficit</b>	(3,134,361)	(1,151,775)	(240,945)
	282,287	166,733	(20,674)
	\$ 564,541	\$ 178,930	\$ 2,184

Approved on behalf of the Board:

*“Jesse Dylan”*

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Jesse Dylan, Director

The accompanying notes are an integral part of these consolidated financial statements.

**GOOD LIFE NETWORKS INC.****Consolidated Statements of Operations and Comprehensive Loss  
(Expressed in Canadian Dollars)**

	Year Ended December 31, 2013	Year Ended December 31, 2012	Initial 136-Day Period Ended December 31, 2011
<b>Revenue</b>	\$ 205,157	\$ 608,646	\$ -
<b>Operating Expenses</b>			
Accounting, legal and audit	62,902	33,018	25,456
Accretion interest expense (note 7)	3,214	-	-
Advertising and promotion	79,084	63,702	17,914
Amortization (note 6)	19,949	8,743	580
Consulting fees	332,040	565,136	19,675
Interest expense (note 7)	23,918	-	-
Management fees (note 10)	264,057	334,821	140,000
Meals and entertainment	19,030	33,964	4,093
Office and general	34,721	18,925	1,999
Production costs (note 10)	123,402	-	-
Rental	107,928	53,149	-
Share-based payments (note 8)	919,000	-	-
Telecommunications	14,417	15,172	4,232
Travel	16,505	186,848	12,692
Wages and salaries (note 10)	167,576	205,998	14,304
	2,187,743	1,519,476	240,945
<b>Net Loss and Comprehensive Loss for the Period</b>	\$ (1,982,586)	\$ (910,830)	\$ (240,945)
<b>Basic and Diluted Loss Per Share</b>	\$ (0.05)	\$ (0.03)	\$ (0.01)
<b>Weighted Average Number of Common Shares Outstanding</b>	37,039,220	29,483,666	18,480,148

The accompanying notes are an integral part of these consolidated financial statements.



**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian Dollars)**

	Share Capital						Reserves	Deficit	Total
	Number	Amount	Share Subscriptions Received	Convertible Debentures – Equity Component					
<b>Balance, August 17, 2011</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Share capital issued	18,500,001	926	-	-	-	-	-	-	926
Share subscriptions received	-	-	219,345	-	-	-	-	-	219,345
Net loss for the period	-	-	-	-	-	-	(240,945)	-	(240,945)
<b>Balance, December 31, 2011</b>	18,500,001	926	219,345	-	-	-	(240,945)	-	(20,674)
Share capital issued	12,087,857	905,082	(219,345)	-	-	-	-	-	685,737
Shares issued for services	1,625,000	412,500	-	-	-	-	-	-	412,500
Net loss for the year	-	-	-	-	-	-	(910,830)	-	(910,830)
<b>Balance, December 31, 2012</b>	32,212,858	1,318,508	-	-	-	-	(1,151,775)	-	166,733
Share capital issued	9,840,000	997,000	-	-	-	-	-	-	997,000
Shares issued below fair value	-	919,000	-	-	-	-	-	-	919,000
Share issue costs	-	(110,624)	-	-	-	63,124	-	-	(47,500)
Shares issued for services	188,400	37,680	-	-	-	-	-	-	37,680
Share subscriptions received	-	-	157,000	-	-	-	-	-	157,000
Issuance of convertible debentures	-	-	-	34,960	-	-	-	-	34,960
Net loss for the year	-	-	-	-	-	-	(1,982,586)	-	(1,982,586)
<b>Balance, December 31, 2013</b>	42,241,258	\$ 3,161,564	\$ 157,000	\$ 34,960	\$ 63,124	\$ (3,134,361)	\$ -	\$ 282,287	

The accompanying notes are an integral part of these consolidated financial statements.

**GOOD LIFE NETWORKS INC.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	Year Ended December 31, 2013	Year Ended December 31, 2012	Initial 136- Day Period Ended December 31, 2011
<b>Operating Activities</b>			
Net loss for the period	\$ (1,982,586)	\$ (910,830)	\$ (240,945)
Items not involving cash			
Amortization	19,949	8,743	580
Accrued interest	23,918	-	-
Accretion interest expense	3,214	-	-
Share-based payments	919,000	-	-
Shares issued for services	37,680	412,500	-
	(978,825)	(489,587)	(240,365)
Changes in non-cash working capital			
Receivables	(36,874)	(79,551)	-
Prepays and deposits	(104,669)	(10,000)	-
Due from related parties	-	(51,917)	1,917
Accounts payable and accrued liabilities	17,885	2,678	9,519
<b>Cash Used in Operating Activities</b>	<b>(1,102,483)</b>	<b>(628,377)</b>	<b>(228,929)</b>
<b>Investing Activity</b>			
Purchase of capital assets	(14,239)	(35,439)	(2,764)
<b>Financing Activities</b>			
Issuance of share capital, net	849,500	685,737	926
Share subscriptions received	157,000	-	219,345
Issuance of convertible debentures	260,000	-	-
<b>Cash Provided by Financing Activities</b>	<b>1,266,500</b>	<b>685,737</b>	<b>220,271</b>
<b>Inflow (Outflow) of Cash</b>	<b>149,778</b>	<b>21,921</b>	<b>(11,422)</b>
<b>Cash (Bank Indebtedness), Beginning of Period</b>	<b>10,499</b>	<b>(11,422)</b>	<b>-</b>
<b>Cash (Bank Indebtedness), End of Period</b>	<b>\$ 160,277</b>	<b>\$ 10,499</b>	<b>\$ (11,422)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Consolidated Financial Statements**

**Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Good Life Networks Inc. (the "Company") was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The Company's goal is to establish itself as the leading commercially focused digital branding and advertising agency.

The principal business office of the Company is located at Suite 205, 1868 Marine Drive, West Vancouver, British Columbia, Canada, V7V 1J6.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the year ended December 31, 2013, the Company had a net loss of \$1,982,586 (year ended December 31, 2012 - \$910,830; initial 136-day period ended December 31, 2011 - \$240,945) and as at December 31, 2013 has a deficit of \$3,134,361 (2012 - \$1,151,775; 2011 - \$240,945).

The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financing, and the attainment of profitable operations. Management would need to raise the necessary capital to meet its planned business objectives. There can be no assurance that management's plans will be successful. The lack of sufficient funding or the ability to generate profitable operations indicate material uncertainties which cast significant doubt over the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

#### **2. BASIS OF PRESENTATION**

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Approval of the consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on March 20, 2014.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)**

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#### **2. BASIS OF PRESENTATION (Continued)**

(c) Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include:

- (i) The determination of the fair value of stock options and warrants using stock pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- (ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.
- (iii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its product development and working capital requirements.
- (iv) The determination of the fair value of convertible debentures requires the input of highly subjective assumptions, including the expected discount rate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Company to the period presented.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Megacast Networks Inc. All intercompany transactions and balances have been eliminated.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of operations and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Capital assets

The Company's capital assets are recorded at historical cost less accumulated amortization. Amortization of capital assets is calculated on a declining-balance basis at the following rates:

Computer hardware	- 55%
Office equipment	- 20%

(d) Share issue costs

The Company accounts for share issue costs by deferring the costs until the shares are issued, at which time the costs are charged to share capital as share issue costs. If the share offering does not proceed, the costs are expensed.

(e) Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the relevant receivable is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risk and rewards of ownership pass to the customer upon completion of the services or upon invoicing depending on the agreement with the customer. Provisions for sales discounts, returns and miscellaneous claims from customers, if any, are made at the time of sale.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes option pricing model, which incorporates all market vesting conditions. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(g) Earnings (loss) per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing share options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(h) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity (“HTM”), AFS and loans and receivables. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

*Fair value through profit or loss financial assets*

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or, if it is a derivative that is not designated and effective, as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

*Held-to-maturity financial assets*

HTM financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

*Available-for-sale financial assets*

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity.

*Loans and receivables financial assets*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

*Effective interest method*

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities at FVTPL.

*Other financial liabilities*

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of operations and comprehensive loss over the period to maturity using the effective interest method.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Financial liabilities (Continued)

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in operations. Transaction costs are recognized in operations as incurred.

(iii) Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.



## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (i) Accounting standards issued but not yet effective

All of the new and revised standards described below may be early-adopted.

##### **IFRS 9 *Financial Instruments* (2009)**

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

##### **IFRS 9 *Financial Instruments* (2010)**

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

##### ***Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32)**

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- The meaning of “currently has a legally enforceable right of set-off”
- The application of simultaneous realization and settlement
- The offsetting of collateral amounts
- The unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)**

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#### **4. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity.

The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may attempt to issue new shares and issue new debt. At the present time, the only capital requirements are to satisfy the current liabilities. There were no changes in the Company's approach to capital management during the year ended December 31, 2013.

#### **5. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; due from related parties is classified as loans and receivables; bank indebtedness is classified as a financial liability at FVTPL; and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is \$160,277 (2012 - \$10,499; 2011 - \$nil).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2013, the Company has \$160,277 (2012 - \$10,499; 2011 - \$nil) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$30,082 (2012 - \$12,197; 2011 - \$9,519) and interest payable of \$23,918 (2012 and 2011 - \$nil) are due within three months.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)**

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#### **5. FINANCIAL INSTRUMENTS (Continued)**

(b) Liquidity risk (Continued)

The Company manages its liquidity risk by relying upon its sales and its ability to raise funds through equity financing.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

**GOOD LIFE NETWORKS INC.****Notes to the Financial Statements****Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)****6. CAPITAL ASSETS**

	<b>Computer Hardware</b>	<b>Office Furniture</b>	<b>Total</b>
<b>COST</b>			
Balance, August 17, 2011	\$ -	\$ -	\$ -
Additions	1,735	1,029	2,764
Balance, December 31, 2011	1,735	1,029	2,764
Additions	23,081	12,358	35,439
Balance, December 31, 2012	24,816	13,387	38,203
Additions	12,565	1,674	14,239
Balance, December 31, 2013	\$ 37,381	\$ 15,061	\$ 52,442
<b>ACCUMULATED AMORTIZATION</b>			
Balance, August 17, 2011	\$ -	\$ -	\$ -
Additions	477	103	580
Balance, December 31, 2011	477	103	580
Additions	7,301	1,442	8,743
Balance, December 31, 2012	7,778	1,545	9,323
Additions	17,104	2,845	19,949
Balance, December 31, 2013	\$ 24,882	\$ 4,390	\$ 29,272
<b>CARRYING VALUE</b>			
December 31, 2011	\$ 1,258	\$ 926	\$ 2,184
December 31, 2012	\$ 17,038	\$ 11,842	\$ 28,880
December 31, 2013	\$ 12,499	\$ 10,671	\$ 23,170

**7. CONVERTIBLE DEBENTURES**

During the year ended December 31, 2013, the Company raised \$260,000 through the issuance of convertible debentures. The convertible debentures bear interest at 20% per annum, payable monthly, and are convertible into common shares of the Company at a price of \$0.05. Five of the notes with principal amounts of \$190,000 are convertible on or before June 27, 2018, while one of the notes with a principal amount of \$70,000 is convertible on or before September 6, 2018.

The Company has allocated the total proceeds received between the liability and equity components of the convertible debenture using the residual method, based on an interest rate of 25%, which is the estimated cost at which the Company could borrow similar debt without a conversion feature.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 7. CONVERTIBLE DEBENTURES (Continued)

The debentures have been bifurcated into the liability and equity components as follows:

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Fair value of convertible debentures	\$ 260,000
Portion of convertible debentures allocated to equity	(34,960)
<hr/>	
Portion of convertible debentures allocated to liability	225,040
Accretion interest expense	3,214
<hr/>	
Balance, December 31, 2013	\$ 228,254

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#### 8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

*During the year ended December 31, 2013*

The Company issued 9,840,000 common shares of the Company for total proceeds of \$997,000. At December 31, 2013, \$100,000 was still receivable and was received in February 2014. The Company paid cash finders' fees of \$47,500 and issued 340,000 finders' warrants valued at \$63,124 (note 8(c)). The finders' warrants are exercisable for one common share of the Company at a price of \$0.125 per share and have an expiry date of 36 months from the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States.

The Company recorded share-based payments expense of \$919,000 with respect to 5,100,000 of the above common shares of the Company issued at an average price of approximately \$0.07 per share, when the fair market value was estimated to be approximately \$0.25 per share.

The Company issued 188,400 common shares of the Company at a fair value of \$37,680 for consulting services rendered.

The Company received share subscriptions of \$157,000 for shares to be issued during the year ended December 31, 2014 (note 13).

*During the year ended December 31, 2012*

The Company issued 12,887,857 common shares of the Company for total proceeds of \$905,122.

The Company issued 1,625,000 common shares of the Company at a fair value of \$412,500 for consulting services rendered.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

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#### 8. SHARE CAPITAL (Continued)

##### (b) Issued (Continued)

*During the initial 136-day period ended December 31, 2011*

The Company issued 18,500,001 common shares of the Company for total proceeds of \$926.

The Company received share subscriptions of \$219,345 for shares to be issued during the year ended December 31, 2012.

##### (c) Finders' warrants

During the year ended December 31, 2013, the Company recognized share issue costs of \$63,124 for 340,000 finders' warrants issued in conjunction with common shares issued during the year.

The fair value of the finders' warrants were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2013	2012
Risk-free interest rate	1.18%	N/A
Expected dividend yield	0.00%	N/A
Expected stock price volatility	100.00%	N/A
Expected life in years	3.28	N/A

At December 31, 2013, the Company had outstanding finders' warrants as follows:

Issue Date	Outstanding at December 31, 2012			Outstanding at December 31, 2013	
	Issued	Exercised	Expired	Issued	Exercised
December 18, 2013	-	120,000	-	-	120,000
December 20, 2013	-	20,000	-	-	20,000
December 23, 2013	-	200,000	-	-	200,000
	-	340,000	-	-	340,000

All finders' warrants expire 36 months from the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States.

## GOOD LIFE NETWORKS INC.

### Notes to the Financial Statements

Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)

#### 9. INCOME TAXES

The Company has non-capital losses of approximately \$3,064,000 available that may be carried forward and applied against future income for Canadian income tax purposes. The tax effect has not been recorded in the consolidated financial statements. The non-capital losses expire as follows:

2031	\$	239,000
2032		885,000
2033		1,940,000
	\$	3,064,000

The Company recognizes tax benefits on losses or other deductible amounts generated where it is of the Company will generate sufficient taxable income in the future to utilize deferred tax assets. Consequently, the Company has tax assets relating to deductible temporary differences and unused tax losses of \$422,661 for which no deferred tax asset is recognized, as it is not probable that the deferred tax assets will be realized in the future.

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Initial 136-Day Period Ended December 31, 2011
Equipment	\$ 3,952	\$ 885	\$ 362
Share issue costs	5,130	-	-
Non-capital losses carried forward	413,579	151,692	98,536
Unrecognized deductible temporary differences	\$ 422,661	\$ 152,577	\$ 98,898

**GOOD LIFE NETWORKS INC.****Notes to the Financial Statements****Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)****9. INCOME TAXES (Continued)**

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 13.5% to income before income taxes. The reasons for the differences are as follows:

	<b>Year Ended December 31, 2013</b>	<b>Year Ended December 31, 2012</b>	<b>Initial 136-Day Period Ended December 31, 2011</b>
Loss before income taxes	\$ 1,982,586	\$ 910,830	\$ 240,945
Statutory tax rate	13.5%	13.5%	13.5%
Expected income tax benefit	267,649	122,962	32,528
Other adjustments for tax purposes	(438)	(2,295)	(276)
Difference between amortization and capital cost allowance	(2,693)	(1,180)	(78)
Unrecognized benefit of deferred tax assets	(264,518)	(119,487)	(32,173)
	\$ -	\$ -	\$ -

**10. RELATED PARTY TRANSACTIONS***Key management compensation*

	<b>Year Ended December 31, 2013</b>	<b>Year Ended December 31, 2012</b>	<b>Initial 136-Day Period Ended December 31, 2011</b>
Short-term cash compensation	\$ 347,237	\$ 391,389	\$ 140,000
Share-based payments	\$ 919,000	\$ -	\$ -

During the year ended December 31, 2013, production costs of \$98,003 (year ended December 31, 2012 and initial 136-day period ended December 31, 2011 - \$nil) and consulting fees of \$17,857 (year ended December 31, 2012 and initial 136-day period ended December 31, 2011 - \$nil) were paid to a company related through a common director. As at December 31, 2013, the Company has amounts due from this related party of \$50,000 (2012 - \$50,000; 2011 - due to this related party of \$1,917). The amount due from this related party is non-interest-bearing, uncollateralized and repayable on demand.

During the year ended December 31, 2013, \$167,576 (year ended December 31, 2012 - \$185,769; initial 136-day period ended December 31, 2011 - \$8,875) of short-term compensation included in wages and salaries and management fees were paid to other related parties.



## **GOOD LIFE NETWORKS INC.**

### **Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012 and the Initial 136-Day Period Ended December 31, 2011  
(Expressed in Canadian Dollars)**

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#### **11. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, digital branding and advertising. All of its assets are held in Canada. All of its revenues are earned in the United States.

#### **12. COMMITMENTS**

On May 4, 2012, the Company entered into a premises lease for a term of 36 months commencing on June 1, 2012. On December 6, 2013, the Company entered into a sublease agreement for a term of 31 months for additional premises commencing on January 1, 2014. Base rent plus estimated operating costs over the remaining lease term are as follows:

2014	\$	151,588
2015		97,501
2016		32,083
	\$	281,172

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#### **13. SUBSEQUENT EVENTS**

- (a) Subsequent to December 31, 2013, the Company issued 4,180,000 common shares of the Company for total proceeds of \$522,500, of which \$157,000 had already been collected before December 31, 2013 (note 8(b)).
- (b) The Company paid cash finders' fees of \$21,550 and issued 172,400 finders' warrants in conjunction with common shares issued subsequent to year-end.

**APPENDIX "C"**  
**GLN ANNUAL MD&A**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

*This management discussion and analysis ("MD&A") of Good Life Networks Inc. (the "Company" or "GLN") for the year ended December 31, 2015 is as of March 31, 2017. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

### OVERVIEW OF THE COMPANY

GLN, a B.C.-based company, was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The registered and records office of GLN is located at 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

In 2014, GLN had established itself as a leading Digital Branding and Advertising Agency with exclusive expertise in Broadcasting, Branding & Design, Development, Content Creation, Marketing, Social Media Management and Distribution.

The GLN management team consists of award winning broadcasters, designers and marketing experts. GLN is led by award winning broadcaster, bestselling author and company Founder & CEO Michael Woodman (broadcast name: Jesse Dylan). Woodman's 35 + years of broadcast leadership and business building experience guides GLN through the 21st century's Digital Media, Branding, and Distribution landscape. GLN compiled strategic partnerships with global brands such as Apolo Ohno, iHeartRadio, The Bullet Proof Executive, Meteor 17, Disney, Radio America and many more of the world's leading brands.

In 2015, GLN completed its evolution from an award winning broadcast, traditional marketing and web design agency into an industry leader in Ad Tech. In 2016, GLN launched a proprietary technology platform designed for one of the largest and fastest growing industries in the world, digital advertising.

Acquisitions have been a part of the strategic growth plan of GLN. In November 2014, GLN began to establish relationships and identify acquisition targets for 2015.

In 2015, GLN continued to build its name as a digital marketing agency and created new relationships with additional brands including Kevin Harrington, Star Shoppe (Shark Tank), Dr. Sha and Corporate Traveler.

In September of 2015 GLN entered into a broadcast agreement with RoundHouse Radio Vancouver for the broadcast distribution of GLN syndicated lifestyle radio show Good life Revolution.

In October 2015, GLN entered into a promotional agreement with Disney to help promote their Diamond Celebration beginning in 2016. Our agreement included online and broadcast marketing along with video production supporting various Disney events scheduled in 2016.

In December 2015, GLN entered into an agreement with Lerna, LLC to acquire a 100% interest in its advertising exchange platform, AmpDesk Mobile.

On December 21, 2015, GLN completed a \$750,000 financing pursuant to a loan agreement entered into among the Company, 7032749 Canada Inc. and certain other lenders, the proceeds of which were used to finance the purchase of AmpDesk Mobile.

## **CORPORATE UPDATE**

In 2016, GLN capitalized on its expertise in broadcast and traditional marketing to pivot the Company into Ad Tech.

In January of 2016 GLN launched an ad tech division (Megacast). In March 2016, GLN built and launched its own tech platform. During 2016, the platform proved to be incredibly scalable with efficiency mostly driven by machine trading of ad impressions on line and on mobile. On October 7, 2016, GLN and Exito Energy II Inc. ("Exito"), a capital pool company (TSX-V:EXI.P), entered into an arrangement agreement with respect to a proposed business combination intended to constitute Exito's qualifying transaction, under the policies of the TSX Venture Exchange (the "Exchange"). Following further discussions, the Company entered into an Amended and Restated Arrangement Agreement with Exito dated January 31, 2017, as further amended as at March 31, 2017. Pursuant to the Amended and Restated Arrangement Agreement, Exito will acquire all of the issued and outstanding Common Shares of GLN in exchange for the issuance of common shares in the capital of Exito and the amalgamation of Exito and GLN shortly thereafter (the "Resulting Issuer") by way of plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the "Acquisition"). Pursuant to the Amended and Restated Arrangement Agreement, GLN has covenanted to use its commercially reasonable efforts to complete the financing to raise gross proceeds of at least \$6,500,000 through the issuance of subscription receipts of GLN (the "Subscription Receipts") by way of private placement to certain subscribers at a price per Subscription Receipt of not less than \$0.25 (the "Concurrent Financing").

In November 2016, GLN launched a SaaS (Software As A Service) version of its platform. In December 2016, GLN licensed the platform to RLLCLL and Mega Media. GLN charges a minimum service fee for use of the platform to each licensee then receives a percentage of each sale (ad placement) each client makes using the platform. SaaS has the advantage of providing more robust software to small and medium-size businesses without forcing them to incur large investments in servers, staff, and application design and programming. Instead of facing large upfront costs, businesses pay for access to GLN's platform on a steady monthly basis, much like an electric or water bill. GLN will spend the first quarter of 2017 on the SaaS beta test then roll out the full SaaS model in the 3rd quarter of 2017 and market the service to the industry.

## **OVERALL PERFORMANCE**

### **SELECTED ANNUAL FINANCIAL INFORMATION**

GLN was incorporated on August 17, 2011 and did not engage in any material financial or commercial activity until commencing operations on 2011. The Company has earned revenues of \$199,606 for the twelve months ended December 31, 2015 (2014 - \$608,274).

The following table sets forth selected consolidated financial information for the years indicated. The selected consolidated financial information set out below for the twelve months ended December 31, 2015 has been derived

from the Company's audited consolidated financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected consolidated financial information set out below may not be indicative of GLN's future performance.

	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014
	\$	\$
<b><i>Income Statement Data</i></b>		
Revenue	199,606	608,274
Operating expenses	2,107,713	2,728,114
Loss before other items	(1,908,107)	(2,119,840)
Net loss, net of income tax	(2,781,620)	(2,119,840)
<b><i>Balance Sheet Data</i></b>		
Cash and cash equivalents	195,037	22,838
Receivables and prepaids	133,398	145,549
Total assets	347,198	597,859
Accounts payable and accrued liabilities	1,199,406	433,420
Convertible debentures	111,968	235,243
Shareholders' deficiency	(1,983,047)	(154,314)
Total liabilities and deficiency	347,198	597,859

The consolidated statement of financial position as at December 31, 2015 indicates a cash position of \$195,037 (2014 - \$22,838), comprising cash and cash equivalents of \$145,037 (2014 - \$22,838), and restricted cash of \$50,000 (2014 - \$nil). The Company has other receivables of \$117,801 (2014 - \$117,424), prepaids of \$15,597 (2014 - \$28,125) and due from related parties of \$nil (2014 - \$50,000). The Company also has other assets of rental deposits of \$nil (2014 - \$5,027), investment of \$nil (2014 - \$348,030) and equipment of \$18,763 (2014 - \$26,415).

Current liabilities as at December 31, 2015 total \$2,218,277 (2014 - \$516,930) comprising accounts payable and accrued liabilities of \$1,199,406 (2014 - \$433,420), interest payable of \$105,151 (2014 - \$83,510) and promissory notes of \$913,720 (2014 - \$nil). As of December 31, 2015, the Company also has other liabilities of convertible debentures of \$111,968 (2014 - \$235,243).

Shareholders' deficiency is comprised of share capital of \$5,842,745 (2014 - \$4,519,709), shares to be issued of \$32,842 (2014 - \$nil), share subscriptions received of \$20,833 (2014 - \$405,000), equity component of convertible debentures of \$16,136 (2014 - \$34,960), reserves of \$140,218 (2014 - \$140,218) and a deficit of \$8,035,821 (2014 - \$5,254,201).

As at December 31, 2015, the Company has a working capital deficit of \$1,889,842 (2014 - \$298,543).

The weighted average number of shares outstanding for the year ended December 31, 2015 is 59,773,077 (2014 - 50,589,093).

## **GLN OVERVIEW OF OPERATIONS**

GLN is a private technology company headquartered in Vancouver, British Columbia, Canada that has developed Programmatic Marketing Platform to intelligently connect digital advertisers to consumers across online display, mobile and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by GLN's proprietary machine learning technology that uses Big Data to intelligently

target and connect digital advertisers with consumers. GLN has offices in the U.S. and Canada, and its customers range from large to small size businesses.

GLN's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and GLN's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms, which are the foundation of GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. GLN purchases impressions for advertisers through publishers, ad networks and exchanges. Its technology platform benefits advertisers by enabling them to manage their bid amounts, target specific performance metrics to achieve consumer targeting goals.

The GLN platform is a proprietary video advertising platform, designed specifically for this rapidly growing industry. GLN's technology provides unparalleled levels of visibility and scale, affording a unique opportunity to scale high EBITDA revenue that is not currently available on any other commercially available platform.

The platform is the cornerstone of GLN's business, providing industry leading insights and data. This allows GLN to match their clients to buyers in a way that provides significant and sustainable value to both. This "Big Data" model means GLN can forecast algorithmically the needs and wants of the brands they represent, maximizing the efficiency for their partners while increasing their margins and profitability. GLN combines decades of award winning management experience with innovative technology designed and developed in house.

## DISCUSSION OF OPERATIONS

### Results for the twelve months ended December 31, 2015 and 2014

The following table summarizes various results for the twelve months ended December 31, 2015 and 2014:

	Twelve Months Ended	
	December 31, 2015	December 31, 2014
Total revenue	\$ 199,606	\$ 608,274
Selling, general and administration	2,107,713	2,728,114
Net loss	\$ (2,781,620)	\$ (2,119,840)
Loss per share		
Basic and diluted	\$ (0.05)	\$ (0.04)

Revenue for the twelve months ended December 31, 2015 decreased to \$199,606 from \$608,274 for the twelve months ended December 31, 2014. A reduction of \$408,668, or a drop of 67% was due to the Company refocusing its business from digital branding and advertising agency with expertise in broadcasting, traditional marketing and web design agency into advertising technology and pursuing development and acquisition opportunities.

Net loss and comprehensive loss for the twelve months ended December 31, 2015 increased to \$2,781,620 from a loss of \$2,119,840 for the twelve months ended December 31, 2014. The loss increased primarily due to an impairment charge of \$871,140 related to various investments made by the Company during the year ended December 31, 2015. The increase in loss was also a result of an overall reduction of revenue as the Company began focusing on its advertising technology.

### **Operating expenses**

Operating expenses include salaries and benefits of the administrative staff, occupancy costs, public company fees, professional fees, and supplies. For the year ended December 31, 2015, general and administrative expenses decreased to \$2,107,713 from \$2,728,114 in the prior year. The decrease is attributable to reductions in the Company's historical broadcasting operations in favour of pursuing new business opportunities since the Company is refocusing its business into advertising technology.

### **Accounting, legal and audit costs**

For the twelve months ended December 31, 2015 accounting, legal and audit costs were \$453,618, an increase of \$226,380 from \$227,238 during the year ended December 31, 2014. The increase in costs was primarily due to the note financing and the Company's pursuit of acquisitions and a public listing.

### **Amortization**

Amortization for the twelve months ended December 31, 2015 decreased by \$1,336 from the prior year.

### **Financing and accretion fees**

For the twelve months ended December 31, 2015, financing fees were \$1,278 compared to \$nil in the prior year and accretion fees were \$5,426 compared to \$6,989 in the prior year, a decrease of \$1,563. Financing fees are primarily due to the promissory notes the Company issued when they entered into a loan agreement while accretion fees were accrued with respect to the Company's convertible debentures.

### **Fourth Quarter**

During the three months ended December 31, 2015, the Company reported a net loss of \$1,472,167. The loss was primarily attributable to an impairment charge of \$871,140 during the three months ended December 31, 2015.

Net loss, quarter over quarter is affected by the level of general corporate activity during the period.

During the three months ended December 31, 2015, the following significant transaction occurred:

- On October 19, 2015, the Company issued 2,100,000 common shares valued at \$105,000 to acquire the assets of Good Life Communications Inc.

### **LIQUIDITY AND CAPITAL RESOURCES**

Selected financial information from the statements of financial position as at December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Working capital deficit	\$ 1,889,842	\$ 298,543
Deficit	\$ 8,035,821	\$ 5,254,201

At December 31, 2015 cash and cash equivalents was \$195,037 compared to \$22,838 at December 31, 2014.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company does not have sufficient working capital at this time to meet its ongoing financial obligations and is considering all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and related party loans. There can be no assurance of continued access to finance in the future, and an ability to secure such finance may require the Company to substantially curtail operations and new business opportunities.

## Sources and Uses of Cash

	For the twelve months ended December 31, 2015	For the twelve months ended December 31, 2014
Cash used in operating activities	\$ (916,982)	\$ (1,556,616)
Cash used in investing activities	(212,854)	(364,062)
Cash provided by financing activities	1,252,035	1,783,239
Net increase (decrease) in cash and cash equivalents	\$ 122,199	\$ (137,439)

Cash flow from operating activities resulted in a use of cash of \$916,982 during the year ended December 31, 2015 compared to \$1,556,616 in 2014. The change in noncash operating assets and liabilities resulted in \$702,094 cash inflow during the year ended December 31, 2015, compared to \$413,146 cash inflow in 2014. The cash inflow of \$702,094 from non-cash operating assets and liabilities was mainly attributable to the increase in accounts payable and accrued liabilities of \$715,986.

Cash flows used in investing activities for the current year was mainly due to the purchase of equipment of \$3,799 and investments of \$209,055. The comparative year investing activities consisted of a cash outflow of \$364,062 incurred for investments of \$348,030 and purchase of equipment of \$16,032.

Cash flows from financing activities was \$1,252,035 compared to \$1,783,239 in the comparative year. The decrease was mainly due to the financing fees paid on promissory notes, interest repaid and repayment of convertible debentures during the current year.

The Company's operational activities during 2015 were financed mainly by the issuance of equity and debt. As at December 31, 2015 the Company had current assets of \$328,435 compared to \$218,387 at December 31, 2014. The Company had available cash reserves comprised of cash and cash equivalents of \$195,037 as at December 31, 2015 compared to \$22,838 as at December 31, 2014.

The Company believes that its cash position and expected future cash inflows from financing, and revenues will be sufficient to finance its operational and capital needs for at least 12 months. However, the Company's future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with commercialization efforts, clinical trials, and strategic opportunities. As a result, in the future it may be necessary to raise additional funds. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing. However, there can be no assurance that the Company will successfully raise funds to continue the development and commercialization of its advertising technology and operational activities.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the assumption that the Company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support operating and investing activities as the Company continues to expand its operations in the foreseeable future. The Company intends to seek new funding from equity financings, lenders and other sources, which will optimize the Company's cost of capital; however, there is no certainty that additional financing will be available or that it will be available with attractive terms.



## RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include directors and officers.

Short-term cash compensation consisted of \$240,000 (2014 - \$253,500) in management fees charged by a Company controlled by CEO, \$100,000 (2014 - \$71,856) in consulting fees charged by VP of Operations, \$36,000 (2014 - \$35,000) in accounting fees charged by a company controlled by CFO, \$5,600 (2014 - \$nil) in commissions and \$36,450 (2014 - \$nil) in share issue costs charged by VP of Operations.

During the year ended December 31, 2015, production and broadcasting costs of \$225,000 (2014 - \$323,810) were paid to Good Life Communications Inc., a company related through a common director. As at December 31, 2015, the Company has amounts due from this related party of \$nil (2014 - \$50,000) and these amounts represent non-interest-bearing loans, which are uncollateralized and repayable on demand. On October 19, 2015, the Company issued 2,100,000 common shares ("**Common Shares**") with an estimated fair value of \$105,000 in order to acquire the assets of Good Life Communications Inc.

During the year ended December 31, 2015, \$168,250 (2014 - \$256,786) of short-term compensation included in wages and salaries were paid to close family members of the CEO.

At December 31, 2015, included in accounts payable and accrued liabilities was \$187,289 (2014 - \$nil) owing to officers and a director for management, consulting and accounting fees and \$46,025 (2014 - \$305) owing to close family members of the CEO for wages and salaries.

## CONTRACTUAL OBLIGATIONS

- (a) On May 4, 2012, the Company entered into a premises lease for a term of 36 months commencing June 1, 2012. The lease was extended for an additional 14 months. On December 6, 2013, the Company entered into another premises lease agreement for a term of 31 months for additional premises commencing January 1, 2014. Base rent plus estimated operating costs over the remaining lease term is \$92,989.
- (b) Pursuant to a consulting agreement dated April 10, 2015, the Company agreed to issue 875,000 Common Shares to Cedarpoint Capital Inc. on April 10, 2015 in exchange for consulting services to be rendered over a period of twelve months. The Company assessed the fair value of the Common Shares to be issued at December 31, 2015 to be \$32,842 and has expensed this amount as consulting fees.

In December 2016, the Company filed a civil claim against, among others, Lerna, Lernalabs Ltd. ("**Lernalabs**") and lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "**Claim**"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement and further they were misrepresented into entering into the loan agreement and consulting services agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

- Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;
- Rescission of the loan agreement and consulting services agreement with Lernalabs and recovery of any amounts paid pursuant to the consulting services agreement; and
- Recovery of costs associated with the various agreements.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking relief for the promissory note principal in the amount of US \$150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable.

At the date of the consolidated financial statements, the outcome of this claim cannot be determined and no amounts have been accrued.

#### **PROPOSED TRANSACTIONS**

Other than as disclosed herein, there are no proposed transactions at this time.

#### **OUTSTANDING SHARE CAPITAL**

As of March 31, 2017, there were 100,187,221 Common Shares issued and outstanding and 2,699,200 common share purchase warrants of the Company issued and outstanding.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of consolidated financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 3 of the Company's audited consolidated financial statements.

#### **CHANGES IN ACCOUNTING POLICIES**

There were no changes in the Company's significant accounting policies during the year ended December 31, 2015 that had a material effect on the Company's consolidated financial statements. The Company's significant accounting policies are disclosed in Note 3 to its audited annual consolidated financial statements for the years ended December 31, 2015 and 2014.

#### **RISK FACTORS**

The following risk factors should not be considered to be exhaustive and may not be all of the risks that GLN may face. Management of the Company believes that the factors set out below could cause actual results to be different from expected and historical results.

The discussion in this MD&A addresses only what management has determined to be the most significant known events, trends, risks and uncertainties relevant to the Company, its operations and/or its financial results. This discussion is not exhaustive.

#### **Business Risk**

##### ***Limited Operating History***

GLN was founded in 2011 and commenced sales in 2011. As a result, it has a limited operating history upon which its business and future prospects may be evaluated. To date, GLN has incurred significant losses and may never maintain profitability. See Note 3 to GLN audited consolidated financial statements "Significant Accounting Policies".

Although GLN has experienced substantial revenue growth during its limited history, it may not be able to sustain this rate of growth or maintain current revenue levels. In order for the Company to meet future operating and debt service requirements, it will need to continue to be successful in its marketing and sales efforts. GLN may not gain customer acceptance of any of its offerings in new markets due to its lack of an established track record, its financial condition, competition, price or a variety of other factors. If sales are increased, the Company's current operational infrastructure may require changes to scale GLN's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. GLN's future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If GLN's offerings are not accepted by new customers, or if new and existing customers do not purchase GLN's offerings at anticipated levels, the Company's operating results may be materially and adversely affected.

#### ***Fluctuation of Financial Results***

GLN's quarterly and annual operating results have fluctuated in the past. GLN is a relatively new company that is rapidly expanding. Thus, revenues may be materially affected by the decisions of its management and/or customers, or due to a variety of other factors, many of which may be beyond the Company's control. In addition, expenses may exceed estimates or be incurred in the expectation of sales that do not occur or that occur later than expected. General economic conditions or conditions in the industries in which GLN's customers compete, technological innovations and the adoption of technical standards can also be expected to affect operating results. Management expects its operating expenses to continue to increase in the foreseeable future as it continues to expand its business, including adding employees and contractors in existing and new territories, to support continued investments in GLN's technology and to support its growth and expansion. Fluctuating results could cause significant, unanticipated quarterly losses and cause GLN's performance to fall below the expectations of investors, which could adversely affect the price of the Common Shares. In addition, because GLN's business is changing and evolving rapidly, historical operating results may not be useful in predicting future operating results.

#### ***Reliance of Key Customers***

Historically, a majority of GLN's sales have been to relatively few customers. For the twelve months ended December 31, 2015, approximately 80% of the Company's revenues were derived from its top ten customers. While it is expected that this reliance will decrease over time, GLN will continue to depend upon a relatively small number of customers for a significant portion of its revenue for the foreseeable future. The loss of a significant customer or failure to attract new customers could harm GLN's business and severely impact the future financial success of the Company.

#### ***Retaining and Attracting Customers***

To sustain or increase GLN's existing revenue, the Company must add new advertisers and encourage existing advertisers, which may be represented by advertising agencies, to purchase additional offerings. As the digital advertising industry matures and as competitors introduce lower cost or differentiated products or services that compete with, or are perceived to compete with GLN, its ability to complete sales with new and existing advertisers based on GLN's current offerings, pricing, technology platform and functionality could be impaired. If GLN fails to retain or cultivate the spending of newer, lower-spending advertisers, it will be difficult for it to sustain and grow its revenue. Even with long-time advertisers, GLN may reach a point of saturation at which it cannot continue to grow revenue from those advertisers because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider or for other reasons not known to management.

GLN has invested significant resources in its sales and marketing teams to educate potential and prospective advertisers and advertising agencies about the value of its platform. Sales often are required to explain how GLN's platform can optimize advertising campaigns in real time. GLN's business depends in part upon advertisers' confidence, and the confidence of the advertising agencies that represent those advertisers that use of real-time advertising exchanges to purchase inventory is superior to other methods of purchasing digital advertising.

GLN often spends substantial time and resources responding to requests for proposals from potential advertisers and their advertising agencies, including developing material specific to the needs of such potential advertisers. GLN

may not be successful in attracting new advertisers despite its investment in business development, sales and marketing.

GLN continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of GLN believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. GLN's ability to achieve significant revenue growth will depend, in large part, on its success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support its growth. New hires require significant training and it may take significant time before they achieve full productivity. Recent hires and planned hires may not become productive as quickly as expected, and GLN may be unable to hire or retain sufficient numbers of qualified individuals in the markets where it does business or plans to do business. In addition, if GLN continues to grow rapidly, a large percentage of its sales team will be new to the Company and its offerings. If GLN is unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to its existing customer base, its business will be adversely affected.

#### ***No Long-Term Customer Commitments***

GLN's customers do business with GLN by placing insertion orders ("IO") for particular advertising campaigns. If GLN performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with GLN for additional advertising campaigns. GLN generally has no commitment from an advertiser beyond the campaign governed by a particular insertion order. Insertion orders may be cancelled by advertisers or their advertising agencies prior to the completion of the campaign without penalty. As a result, GLN's success is dependent upon its ability to outperform competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom it provides services. In addition, it is relatively easy for advertisers and the advertising agencies that represent them to seek an alternative provider for their advertising campaigns because there are no significant switching costs, and agencies often have relationships with many different providers, each of whom may be running portions of the same advertising campaign. Because GLN does not have long-term contracts, management may not accurately predict future revenue streams and there can be no assurance that current advertisers will continue to use GLN's platform, or that GLN will be able to replace departing advertisers with new advertisers that provide GLN with comparable revenue.

#### ***Failure to Properly Manage Growth***

GLN's business has grown since its inception. Continued growth may strain the Company's management, financial, and other resources. GLN relies heavily on information technology systems to manage critical functions such as advertising campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage any future growth effectively, GLN must expand its sales, marketing, technology and operational staff, invest in research and development of the Programmatic Marketing Platform and/or new offerings, enhance its financial and accounting systems and controls, integrate new personnel or contractors, and successfully manage expanded operations. If GLN continues its growth, it will incur additional expenses, and its growth may continue to place a strain on resources, infrastructure and ability to maintain the quality of its offering. Accordingly, GLN may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

#### ***Acquisitions by GLN***

As part of its business strategy, GLN may attempt to acquire businesses or technologies that it believes are a strategic fit with its business. GLN currently has no commitments for any acquisition and furthermore, it has not made any acquisitions to date. Accordingly, the Company's ability as an organization to acquire and integrate other companies, products or technologies in a successful manner is unproven. It may not be possible to find suitable acquisition candidates, and GLN may not be able to complete such acquisitions on favorable terms, if at all. Any future acquisition may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since GLN may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisitions GLN completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence

of debt, contingent liabilities, amortization of expenses related to other intangible assets and the incurrence of large, immediate write-offs.

### ***Reliance on Third Parties***

GLN anticipates that it will continue to depend on various third-parties in order to grow its business. GLN continues to pursue additional third parties, such as technology and content providers, real-time advertising exchanges, market research companies, co-location facilities and other strategic parties. Identifying, negotiating and documenting with third parties requires significant time and resources as does utilizing third-party data and services. GLN's channel partners and providers of technology, computer hardware, co-location facilities, content and consulting services and real-time advertising exchanges are typically non-exclusive, do not prohibit them from working with GLN's competitors or from offering competing services. These third parties may terminate at any time. GLN's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of GLN's offerings. In addition, these third parties may not perform as expected with GLN, and GLN may have disagreements or disputes with such third parties, which could negatively affect GLN's brand and reputation.

In particular, GLN's continued growth depends on its ability to source computer hardware, including servers built to its specifications, and the ability to locate those servers and related hardware in co- location facilities in the most desirable locations to facilitate the timely delivery of its services. Similarly, disruptions in the services provided at co-location facilities that GLN relies upon can degrade the level of services that it can provide, which may harm GLN's business. GLN also relies on its utilization with many third-party technology providers to execute its business on a daily basis. GLN must efficiently direct a large amount of network traffic to and from its servers to consider billions of bid requests per day, and each bid typically must take place in approximately 100 milliseconds or less. GLN relies on a third-party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If GLN's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across GLN's servers as well as impairing or preventing web browser connectivity to GLN's platform, which may harm its business.

### ***Personnel***

The loss of any member of GLN's Management Team, and in particular, its co-founders, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on GLN's business and operating results.

At present and for the near future, GLN will depend upon a relatively small number of employees and contractors to develop, market, sell and support its platform. The expansion of technology, marketing and sales of its platform will require GLN to find, hire, and retain additional capable employees or subcontractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and GLN may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, GLN may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

In addition, as GLN moves into new geographies, it will need to attract and recruit skilled employees in those areas. GLN has little experience with recruiting in geographies outside of Canada and the United States, and may face additional challenges in attracting, integrating and retaining international employees.

### ***Conflicts of Interest***

Certain of the Directors and Officers of GLN are or may become Directors or Officers of, or have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which GLN may participate, the Directors and Officers of GLN may have a conflict of interest in negotiating and concluding

terms respecting the extent of such participation. Such other companies may also compete with GLN. In the event that any such conflict of interest arises, a Director who has such a conflict will disclose the conflict to a meeting of the Board of Directors of GLN and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the Directors of GLN are required to act honestly, in good faith and in the best interests of GLN. In determining whether or not GLN will participate in a particular transaction, the Directors will primarily consider the potential benefits to GLN, the degree of risk to which GLN may be exposed and its financial position at that time.

#### ***Dependence on Display Advertising***

Historically, GLN's customers have predominantly used the Programmatic Marketing Platform for display advertising, and the substantial majority of GLN's revenue is derived from advertisers that use the Programmatic Marketing Platform for display advertising. GLN expects that the online advertising channels it supports will continue to be a primary channel used by its customers. Should customers lose confidence in the value or effectiveness of these channels, the demand for the Programmatic Marketing Platform may decline. While revenues from mobile, social and video advertising have grown rapidly, GLN's failure to achieve market acceptance of the Programmatic Marketing Platform for mobile, social and video advertising would harm its growth prospects, operating results and financial condition.

#### **Financial and Accounting Risks**

##### ***Additional Financing***

There can be no certainty that GLN's financial resources and revenue from sales will be sufficient for its future needs. GLN may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of GLN's Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of GLN to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of GLN. It may be difficult or impossible for GLN to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as GLN, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that GLN pays to service future debt incurred by GLN and affect GLN's ability to fund ongoing operations. If additional financing is raised by the issuance of shares or other forms of convertible securities, control of GLN may change and shareholders may suffer dilution. If adequate funds are not available, or not available on acceptable terms, GLN may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and continue operations. Any debt financing that is secured in the future could involve restrictive covenants relating to GLN's future capital raising activities and other financial and operational matters, including the ability to pay dividends. This may consequently make it more difficult for GLN to obtain additional capital and to pursue business opportunities, including potential acquisitions.

##### ***Existing Debt***

GLN has granted a security interest in its assets, including its intellectual property, to a lender as security for the loan. The loan also requires GLN to comply with certain financial covenants, which are tested on a monthly basis, and contains a number restrictive covenants, which would, among other things, prevent GLN from: (i) disposing of or selling its assets; (ii) making any changes in its debt or capital structure or amending its bylaws, (iii) consolidating or merging with other entities; (iv) entering into contracts outside of the normal course of business; (v) purchasing or redeeming any shares; (vi) paying dividends; or (vii) incurring lease obligations or capital expenditures above defined thresholds. A failure by GLN to repay the loan in accordance with its terms or other default would entitle the lender to, among other things, foreclose on GLN's assets, which would likely terminate its ability to continue operations.

##### ***Foreign Sales***

GLN currently has certain foreign sales that are denominated in US dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, GLN incurs a portion of its operating expenses in US dollars. In the future, GLN's international sales may increase. Such sales may



be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact GLN's business, financial condition and results of operations. GLN has not previously engaged in foreign currency hedging. If GLN decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide GLN from foreign currency fluctuations and can themselves result in losses.

#### ***Estimates or Judgments Relating to Critical Accounting Policies***

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. GLN bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. GLN's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause GLN's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of GLN. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

#### ***Internal Controls over Financial Reporting***

As a result of GLN's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. GLN does not have the resources, size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, GLN is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, GLN will not be required to certify the design and evaluation of its disclosure controls and procedure ("DC&P") and internal controls over financial reporting ("ICFR"), and as such GLN has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure In Issuers' Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### **Industry Risks**

##### ***Market Competition and Technological Changes***

The existing and anticipated markets for GLN's Programmatic Marketing Platform are highly competitive. Barriers to enter the market are low and additional companies may enter the market with competing offerings as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. In addition, GLN's customers could develop their own solutions. Many of GLN's competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does GLN. They may be able to respond more quickly than GLN can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering Programmatic and real time bidding solutions, GLN also competes with services offered through large online portals that have significant brand recognition, such as Yahoo and Google. These large portals have substantial proprietary digital advertising inventory that may provide them with competitive advantages, including far greater access to internet user data, and the ability to significantly influence pricing for digital advertising inventory. GLN also competes for a share of advertisers' total advertising budgets with online search advertising, for which GLN does not offer a solution, and with traditional advertising media, such as direct mail, television, radio, cable and print.

Some of the competitors mentioned above also act as suppliers of GLN, putting them in a potential conflict of interests position. There is a risk that such competitors may, in the future, constrain or entirely cut off GLN from its sources of supply of inventory in order to improve their own competitive position in the markets targeted by GLN. New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of GLN's offerings to achieve or maintain acceptance in existing or anticipated markets. The development of competing offerings or technologies by market participants or the emergence of new industry or government standards may adversely affect GLN's competitive position.

As a result of these and other factors, GLN may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on GLN's business, financial condition and results of operations.

### ***Use of Third Party Cookies***

GLN uses "cookies" (small text files) in connection with its Programmatic Marketing Platform. GLN's cookies are known as "third party cookies" because they are placed on individual browsers when internet users visit a website owned by a publisher, advertiser or other first party that has given GLN permission to place cookies. These cookies are placed through an internet browser on an internet user's computer and correspond with a data set that is kept on GLN's servers. GLN's cookies record certain information, such as when an internet user views an ad, clicks on an ad, or visits one of GLN's advertiser's websites through a browser while the cookie is active. GLN uses these cookies to help it achieve advertisers' campaign goals, to help it ensure that the same internet user does not unintentionally see the same advertisement, to report aggregate information to advertisers regarding the performance of their advertising campaigns and to detect and prevent fraudulent activity. GLN's also uses data from cookies to help it decide whether to bid on, and how to price, an opportunity to place an advertisement in a certain location, at a given time, in front of a particular internet user. Without cookie data, GLN may bid on advertising without as much insight into activity that has taken place through an internet user's browser. A lack of cookie data may detract from GLN's ability to make decisions about which inventory to purchase for an advertiser's campaign, and undermine the effectiveness of the Programmatic Marketing Platform.

Cookies may easily be deleted or blocked by internet users. Most commonly used internet browsers allow internet users to modify their browser settings to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Certain internet users also download free or paid "ad blocking" software that prevents third party cookies from being stored on a user's computer. If more internet users adopt these settings or delete their cookies more frequently than they currently do, GLN's business could be harmed. In addition, some internet browsers block third party cookies by default, and other internet browsers may implement similar features in the future. Unless such default settings in browsers are altered by internet users to accept third party cookies, fewer of GLN's cookies may be set in browsers, adversely affecting its business.

Certain international jurisdictions have adopted and implemented legislation that negatively impacts the use of cookies for online advertising, and additional jurisdictions may do so in the future. Currently, although the Canadian Anti-Spam Legislation ("CASL") requires consent to install a computer program, CASL provides a deemed express consent for the installation of a cookie. Limitations on the use or effectiveness of cookies may impact the performance of the Programmatic Marketing Platform. GLN may be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies to compensate for the lack of cookie data. GLN may not be able to develop or implement additional tools that compensate for the lack of cookie data. Moreover, even if GLN is able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than GLN's current use of cookies.

### ***Potential "Do Not Track" Standards***

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. In 2010, the United States Federal Trade Commission, or FTC, issued a staff report criticizing the advertising industry's self-regulatory efforts as too slow and lacking adequate consumer protections. The FTC emphasized a need for simplified



notice, choice and transparency to the consumer regarding collection, use and sharing of data, and suggested implementing a “Do Not Track” browser setting that allows consumers to choose whether to allow “tracking” of their online browsing activities. All major internet browsers have implemented some version of a “Do Not Track” setting. Microsoft’s Internet Explorer 10 includes a “Do Not Track” setting that is selected by default. However, there is no definition of “tracking,” no consensus regarding what message is conveyed by a “Do Not Track” setting and no industry standards regarding how to respond to a “Do Not Track” preference. The World Wide Web Consortium chartered a “Tracking Protection Working Group” in 2011 to convene a multi- stakeholder group of academics, thought leaders, companies, industry groups and consumer advocacy organizations, to create a voluntary “Do Not Track” standard for the web. The group has yet to agree upon a standard. The “Do-Not-Track Online Act of 2013” was introduced in the United States Senate in February 2013. If a “Do Not Track” browser setting is adopted by many internet users, and the standard either imposed by legislation or agreed upon by standard setting groups, prohibits GLN from using non-personal information as it currently does, then that could hinder growth of advertising and content production on the web generally, cause GLN to change its business practices and adversely affect its business.

### ***Legislation and Regulation***

Government regulation may increase the costs of doing business online. The Canadian and certain foreign governments have enacted or are considering legislation related to online advertising and management of GLN expects to see an increase in legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for GLN’s offerings or otherwise harm its business, results of operations and financial condition. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information. The Personal Information Protection and Electronic Documents Act and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. Currently, GLN collects and stores IP addresses. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if there is a data breach, there is a potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information, within the Canada, the United States and elsewhere, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may cause GLN to, in the future, change business practices, or limit or inhibit GLN’s ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

In addition, while GLN takes steps to avoid collecting personally identifiable data about consumers (other than IP addresses), it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. GLN’s failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against GLN, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the Company’s reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even the perception of privacy concerns, whether or not valid, may harm GLN’s reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

### ***Ability to Protect GLN's Proprietary Offering***

Any failure to protect GLN's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps GLN has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to GLN's technology.

GLN may use a combination of trade secret, copyright law, nondisclosure agreements, passing-off laws, other common law intellectual property protections and technical measures to protect its proprietary technology. GLN has generally entered into confidentiality agreements with and obtains assignments of intellectual property and waivers of moral rights from its employees and contractors and has worked to limit access to and distribution of its technology, documentation and other proprietary information. However, the steps taken may not be adequate to deter misappropriation or independent third-party development of GLN's technology. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. If GLN resorts to legal proceedings to enforce its intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk to GLN's proprietary rights if it is unsuccessful in such proceedings. Moreover, GLN's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that GLN may apply for or obtain in the future may not be broad enough to protect all of the technology important to its business, and its ownership of patents would not in itself prevent others from securing patents that may prevent GLN from engaging in actions necessary to its business, products, or services.

### ***Infringement of Intellectual Property Rights***

If GLN's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, GLN may be required to reengineer its technology or seek to obtain licenses from third parties to continue offering its technology without substantial reengineering. Any such efforts may not be successful or if successful could require payments that may have a material adverse effect on profitability and financial condition. Any litigation involving infringement claims would be expensive and time-consuming, and an adverse outcome may result in payment of damages or injunctive relief that could materially and adversely affect GLN's business.

GLN does not independently verify whether it is permitted to deliver advertising to its advertisers' internet users or that the content of the advertisements it delivers is legally permitted. GLN receives representations from advertisers that the content of the advertising that GLN places on their behalf is lawful. GLN also relies on representations from its advertisers that they maintain adequate privacy policies that allow GLN to place pixels on their websites and collect valid consents from users that visit those websites to collect and use such user's information to aid in delivering GLN's product. If any of these representations are untrue and GLN's advertisers do not abide by laws governing their content or privacy practices, GLN may become subject to legal claims and exposed to potential liability and expense (for which it may or may not be indemnified), and its reputation may be damaged.

### ***Use of Open Source Software Components***

GLN's Programmatic Marketing Platform, including its computational infrastructure, relies on software licensed to it by third-party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that GLN make available source code for modifications or derivative works GLN creates based upon the type of open source software GLN uses. If GLN combines its proprietary software with open source software in a certain manner, GLN could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow GLN's competitors to create similar solutions with lower development effort and time and ultimately put GLN at a competitive disadvantage.

Although GLN monitors its use of open source software to avoid subjecting its products to conditions it does not intend, the terms of many open source licenses have not been interpreted by Canadian courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on GLN's ability to commercialize its services. Moreover, GLN cannot guarantee that its processes for controlling its use of

open source software will be effective. If GLN is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating its platform on terms that are not economically feasible, to re-engineer its platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of its proprietary code, any of which could adversely affect GLN business, operating results and financial condition.

#### ***Unanticipated Problems Associated with the Programmatic Marketing Platform***

GLN depends upon the sustained and uninterrupted performance of its platform to operate a number of campaigns at any given time; manage its inventory supply; bid on inventory for each campaign; serve or direct a third party to serve advertising; collect, process and interpret data; and optimize campaign performance in real time and provide billing information. Because GLN's technology is complex, undetected errors and failures may occur, especially when new versions or updates are made. GLN's Programmatic Marketing Platform may contain undetected errors or "bugs", which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite GLN's plans for quality control and testing measures, its Programmatic Marketing Platform, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, GLN may be required or choose to expend additional resources to help mitigate any problems resulting from errors in its technology. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against GLN by its customers and other parties.

#### ***Social Media***

GLN's social media offering is currently limited to Facebook's FBX platform and the Facebook native platform. GLN has an agreement with Facebook allowing it to integrate directly with FBX to bid on advertising inventory on a real-time basis. As a result, GLN's ability to grow its revenue in the social channel is closely tied to the availability of inventory on FBX. If GLN is unable to compete favourably for advertising inventory on FBX, its social media offering may not be successful. Also, there is no guarantee that Facebook will continue to make its advertising inventory available to GLN at all or upon reasonable terms, and GLN may not be able to replace the FBX advertising inventory with inventory that meets its advertisers' specific goals with respect to social media. In addition, advertisers may prefer to work with companies that provide advertising on social media platforms other than FBX or that have a longer history of integration with social media platforms. If GLN is unable to run advertising campaigns on the FBX platform, integrate with social media platforms that may become available in the future or find alternative sources of quality social media inventory, its business could be harmed.

#### ***Mobile Advertising***

GLN's success in the mobile advertising channel depends upon the ability of its Programmatic Marketing Platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom GLN does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on mobile devices. If GLN's platform is unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wished to impair GLN's ability to provide advertisements on them or GLN's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, GLN's ability to generate revenue could be significantly harmed.

#### ***Obsolescence***

GLN's business is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies, the emergence of new industry standards, or improvements to existing technologies could render GLN's platform obsolete or relatively less competitive. GLN's future success will depend upon its ability to continue to develop and expand its Programmatic Marketing Platform and to address the increasingly sophisticated needs of its customers. GLN may experience delays in releasing new

offerings or enhancements in the future. Material delays in introducing new offerings or enhancements may cause customers to forego purchases of GLN's offering to purchase offerings of competitors instead.

### ***Catastrophic Events***

GLN maintains servers at co-location facilities in the US that it uses to deliver advertising campaigns for its advertisers. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for GLN to operate its business for some period of time. One co-location facility where GLN maintains data used in its business operations is located in the Greater Los Angeles Area, a region known for seismic activity. If GLN were to lose the data stored in its California co-location facility, it could take several days, if not weeks, to recreate this data from multiple sources, which could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in GLN's operations could negatively impact its business and results of operations, and harm its reputation. In addition, GLN may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on GLN's business, financial condition and results of operations.

### ***Economic, Political and Market Conditions***

GLN's business depends on the overall demand for advertising and on the economic health of its current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about continued economic recovery are likely to affect GLN's business prospects. This uncertainty may cause general business conditions in the United States and elsewhere to deteriorate or become volatile, which could cause advertisers to delay, decrease or cancel purchases of GLN's offering; and expose GLN to increased credit risk on advertiser orders, which, in turn, could negatively impact its business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

## **Risks Related to the Common Shares**

### ***Market for Common Shares***

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Technology stocks have historically experienced high levels of volatility and GLN cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include (i) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by GLN or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular; (iv) fluctuations in the trading volume of the Common Shares or the size of GLN's public float; (v) actual or anticipated changes or fluctuations in GLN's results of operations; (vi) whether GLN's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving GLN, its industry, or both; (ix) regulatory developments in the Canada, the United States, and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on GLN from any of the other risks cited herein.

### ***Significant Sales of Common Shares***

Although the Company's Common Shares are freely tradable, the Common Shares held by GLN's directors and executive officers will be subject to escrow pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these

sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favourable time and price.

### ***Analyst Coverage***

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about GLN or its business. GLN will not have any control over these analysts. If one or more of the analysts who covers GLN should downgrade the Common Shares or change their opinion of GLN's business prospects, GLN's share price would likely decline. If one or more of these analysts ceases coverage of GLN or fails to regularly publish reports on GLN, GLN could lose visibility in the financial markets, which could cause GLN's share price or trading volume to decline.

### ***Tax Issues***

There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

### ***Fraud***

GLN operates as a technology and services provider in a dynamic eco-system where fraud exists. Typical forms of fraud include robotic traffic, where robots mimic the behavior of users in order to inflate the number of impressions, clicks, post clicks actions or other metrics associated with the ad; ads that have no potential to be viewed by a human; and activities designed to trick mechanisms for user data collection or attribution models. GLN employs reasonable measures to detect and eliminate fraud to the best of its ability. However, despite its efforts, GLN is not in the fraud detection business and there are no guarantees as to the degree to which fraud can be minimized.

### ***Publisher Protection***

GLN offers managed media campaign services and licenses its technology to third parties who use it to carry out media buys. Despite GLN's efforts to protect its suppliers from unwanted buying activities and ads, misuse of the system by advertising parties cannot be ruled out.

### ***Ad Blockers***

Ad blockers represent an increased risk to the online advertising industry as a whole, as their use has lately risen. Ad blockers prevent ads from being displayed and can interfere with the collection and transmission of data required for the normal operation of the online advertising ecosystem, including user data, measurement and attribution. The industry is taking steps to combat ad blocking and tools have been created to detect ad blockers for use by publishers. These tools allow publishers who rely on ad revenue to withhold content from users with ad blockers. Additionally, in order to discourage the use of ad blockers, the industry is initiating a shift towards ads that are less disruptive to the user experience. Nevertheless, there are no guarantees that these measures will be sufficient to eliminate all ad blocking activities and that GLN will not experience loss of potential revenue as a result of ad blocking.

**APPENDIX "D"**  
**GLN INTERIM FINANCIAL STATEMENTS**

## **GOOD LIFE NETWORKS INC.**

**Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended September 30, 2016 and 2015  
(Unaudited)  
(Expressed in Canadian Dollars)**

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**GOOD LIFE NETWORKS INC.**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**As at**

	September 30, 2016	December 31, 2015
<b>Assets</b> (note 8)		
<b>Current</b>		
Cash	\$ 78,488	\$ 145,037
Restricted cash (note 8)	-	50,000
Receivables	951,466	117,801
Prepays	11,770	15,597
	1,041,724	328,435
<b>Equipment</b> (note 6)	13,919	18,763
	\$ 1,055,643	\$ 347,198
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 11)	\$ 2,312,102	\$ 1,199,406
Interest payable (notes 8 and 9)	161,428	105,151
Promissory notes (note 8)	1,538,205	913,720
	4,011,735	2,218,277
<b>Convertible Debentures</b> (note 9)	113,549	111,968
	4,125,284	2,330,245
<b>Shareholders' Deficiency</b>		
<b>Share Capital</b> (note 10)	6,870,695	5,842,745
<b>Share Subscriptions Receivable</b>	(62,367)	-
<b>Shares to be Issued</b>	-	32,842
<b>Share Subscriptions Received</b>	-	20,833
<b>Convertible Debentures – Equity Component</b> (note 9)	16,136	16,136
<b>Reserves</b> (note 10)	140,218	140,218
<b>Deficit</b>	(10,034,323)	(8,035,821)
	(3,069,641)	(1,983,047)
	\$ 1,055,643	\$ 347,198

Approved on behalf of the Board:

*“Jesse Dylan”*

.....  
 Jesse Dylan, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**GOOD LIFE NETWORKS INC.**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**For the nine months ended**

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Revenue</b>	\$ 1,838,774	\$ 175,690
<b>Direct Expenses</b>	1,383,506	9,311
	455,268	166,379
<b>Operating Expenses</b>		
Accounting, legal and audit (note 11)	158,323	290,033
Accretion and interest (notes 8 and 9)	206,697	39,197
Advertising, promotion and marketing	6,103	73,835
Amortization (note 6)	5,376	5,203
Commissions	-	15,120
Consulting fees (note 11)	1,281,447	320,358
Financing fees	34,002	4,082
Management fees (note 11)	225,000	180,000
Meals and entertainment	22,180	15,048
Office, software and general	148,064	11,048
Production and broadcasting (note 11)	7,234	238,862
Rental	109,419	109,846
Telecommunications	10,078	8,100
Travel	37,915	19,073
Wages and salaries (note 11)	194,973	150,250
<b>Total operating expenses</b>	<b>2,446,811</b>	<b>1,480,055</b>
<b>Operating Loss</b>	<b>(1,991,543)</b>	<b>(1,313,676)</b>
Gain (loss) on foreign exchange	(6,959)	4,223
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (1,998,502)</b>	<b>\$ (1,309,453)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>79,070,273</b>	<b>57,256,030</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**GOOD LIFE NETWORKS INC.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	Share Capital							Total	
	Number	Amount	Share Subscriptions Receivable	Convertible Debentures – Equity Component	Reserves	Shares to be Issued	Share Subscriptions Received		Deficit
<b>Balance, December 31, 2014</b>	54,989,258	\$ 4,519,709	\$ -	\$ 34,960	\$ 140,218	\$ -	\$ 405,000	\$ (5,254,201)	\$ (154,314)
Share capital issued	13,894,000	1,027,250	-	-	-	-	(305,000)	-	722,250
Share issue costs	-	(46,958)	-	-	-	-	-	-	(46,958)
Shares to be issued	-	-	-	-	-	24,631	-	-	24,631
Share subscriptions received	-	-	-	-	-	-	20,833	-	20,833
Shares issued for services	2,500,000	125,000	-	-	-	-	-	-	125,000
Conversion of debentures	2,066,630	112,744	-	(9,412)	-	-	-	-	103,332
Repayment of debentures	-	-	-	(9,412)	-	-	-	-	(9,412)
Net loss for the period	-	-	-	-	-	-	-	(1,313,676)	(1,313,676)
<b>Balance, September 30, 2015</b>	73,449,888	5,737,745	-	16,136	140,218	24,631	120,833	(6,567,877)	(528,314)
Shares issued for intangible assets (note 7)	2,100,000	105,000	-	-	-	-	-	-	105,000
Share subscriptions cancelled	-	-	-	-	-	-	(100,000)	-	(100,000)
Shares to be issued	-	-	-	-	-	8,211	-	-	8,211
Net loss for the period	-	-	-	-	-	-	-	(1,467,944)	(1,467,944)
<b>Balance, December 31, 2015</b>	75,549,888	5,842,745	-	16,136	140,218	32,842	20,833	(8,035,821)	(1,983,047)
Share capital issued	5,629,000	294,200	-	-	-	-	(20,833)	-	273,367
Share subscriptions receivable	-	-	(62,367)	-	-	-	-	-	(62,367)
Shares issued for services	3,875,000	193,750	-	-	-	(32,842)	-	-	160,908
Shares issued for debt settlement	10,800,000	540,000	-	-	-	-	-	-	540,000
Net loss for the period	-	-	-	-	-	-	-	(1,998,502)	(1,998,502)
<b>Balance, September 30, 2016</b>	95,853,888	\$ 6,870,695	\$ (62,367)	\$ 16,136	\$ 140,218	\$ -	\$ -	\$ (10,034,323)	\$ (3,069,641)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**GOOD LIFE NETWORKS INC.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**  
**For the nine months ended**

	September 30, 2016	September 30, 2015
<b>Operating Activities</b>		
Net loss for the period	\$ (1,998,502)	\$ (1,309,453)
Items not involving cash		
Amortization	5,376	5,203
Amortization of financing fees	34,002	-
Accrued interest	191,637	34,393
Accretion interest	1,581	(4,955)
Shares issued for services	160,908	146,875
	(1,064,998)	(1,127,937)
Changes in non-cash working capital		
Receivables	(833,665)	(670)
Prepays	3,827	(8,061)
Due from related parties	-	(20,000)
Accounts payable and accrued liabilities	1,652,696	1,002,260
<b>Cash Used in Operating Activities</b>	<b>(782,140)</b>	<b>(154,408)</b>
<b>Investing Activities</b>		
Purchase of equipment	(532)	-
Investments	-	(209,055)
<b>Cash Used in Investing Activities</b>	<b>(532)</b>	<b>(209,055)</b>
<b>Financing Activities</b>		
Issuance of share capital, net	211,000	220,000
Issuance of promissory notes	590,123	209,055
Conversion of debentures	-	(9,412)
Interest paid on loan agreement – restricted cash	50,000	-
Interest paid on promissory note	(135,000)	-
Repayment of convertible debenture	-	(70,000)
<b>Cash Provided by Financing Activities</b>	<b>716,123</b>	<b>349,643</b>
<b>Outflow of Cash</b>	<b>(66,549)</b>	<b>(13,820)</b>
<b>Cash, Beginning of Period</b>	<b>145,037</b>	<b>22,838</b>
<b>Cash, End of Period</b>	<b>\$ 78,488</b>	<b>\$ 9,018</b>

Supplemental disclosure of cash flow information (note 12)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **1. NATURE AND GOING CONCERN**

Good Life Networks Inc. (the "Company") was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The Company's goal is a commercially focused digital branding and advertising agency.

The principal business office of the Company is located at Suite 209, 1455 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7V 1C3.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the period ended September 30, 2016, the Company had a net loss and comprehensive loss of \$1,998,502 (September 30, 2015 - \$1,309,453) and as at September 30, 2016 has a deficit of \$10,034,323 (December 31, 2015 - \$8,035,821). As at September 30, 2016, the Company has a working capital deficit of \$2,970,011 (December 31, 2015 - \$1,889,842). The Company will require additional funding in order to satisfy its liabilities as they become due. The Company plans to generate the necessary resources to finance operations by way of a combination of sales of its products, issuance of equity securities and debt investments.

The condensed consolidated interim financial statements do not reflect adjustments to the amounts and classifications of assets and liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

#### **2. BASIS OF PRESENTATION**

(a) Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2015 audited consolidated financial statements.

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **2. BASIS OF PRESENTATION (Continued)**

- (b) Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were reviewed, approved and authorized for issue by the sole director of the Company on March 6, 2017.

- (c) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

- (i) The determination of the fair value of stock options and warrants using stock pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the input assumptions could materially affect the fair value estimate.
- (ii) The determination of the fair value of convertible debentures requires the input of highly subjective assumptions, including the expected discount rate. Changes in the input assumptions could materially affect the fair value estimate.

Significant areas requiring the use of judgments include:

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its product development and working capital requirements.
- (iii) The application of the Company's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after amounts are capitalized, information becomes available suggesting that the recovery of the amounts capitalized is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **2. BASIS OF PRESENTATION (Continued)**

(c) Use of estimates and judgments (Continued)

- (iv) Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Company's financial ability to continue marketing and sales activities and operations.
- (v) The recoverability of the carrying value of the Company's investment (note 5) requires management to determine whether there are any indicators of impairment. Management considers both the internal and external sources of information when making the assessment of whether there are indicators of impairment of the underlying assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit.
- (vi) The recoverability of receivables, which are included in the condensed consolidated interim statements of financial position.
- (vii) Proceeds received on the issuance of units, consisting of common shares and warrant components, are allocated using the residual method whereby proceeds are allocated first to common shares based on an estimate of fair value of the common shares at the time the units are priced, and any excess is allocated to warrants. Management's judgment is used in the method used to establish the fair value of the components.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(d) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(e) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Megacast Networks Inc. and Good Life Networks USA Inc. All intercompany transactions and balances have been eliminated.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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### **3. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity.

The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt. The Company will need to issue new shares or debt to satisfy its current liabilities and to fund future operating activities. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2016.

### **4. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; accounts receivable and due from related parties are classified as loans and receivables; investments are classified as financial assets at FVTPL; and promissory notes, interest payable, accounts payable and accrued liabilities and debt portion of convertible debentures are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments other than convertible debentures approximate their fair values due to their short term to maturity. The carrying value of convertible debentures approximates fair value as they are at market rates of interest.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is \$78,488 (December 31, 2015 - \$195,037).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is \$900,643 (December 31, 2015 - \$30,841).

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **4. FINANCIAL INSTRUMENTS (Continued)**

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At September 30, 2016, the Company has \$78,488 (December 31, 2015 - \$145,037) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$2,312,102 (December 31, 2015 - \$1,199,406) and interest payable of \$161,428 (December 31, 2015 - \$105,151) are due within three months. Promissory notes of \$1,538,205 (December 31, 2015 - \$913,720) are due within twelve months.

The Company manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

#### **5. INVESTMENT**

During the year ended December 31, 2014, the Company paid \$348,030 (US \$300,000) to acquire common shares in Business Rockstars, LLC, a broadcast media company. At December 31, 2015, the Company owned 3.5% of the outstanding common shares of Business Rockstars, LLC. The investment was carried at cost, as there was no active market for the common shares of Business Rockstars, LLC.



**GOOD LIFE NETWORKS INC.****Notes to the Condensed Consolidated Interim Financial Statements****Nine Months Ended September 30, 2016 and 2015****(Unaudited)****(Expressed in Canadian Dollars)****5. INVESTMENT (Continued)**

As at December 31, 2015, the Company determined that there was insufficient information available to support a reliable estimate of a recoverable amount of the investment, and therefore recorded an impairment against the full investment of \$348,030. This was recorded in accordance with Level 3 of the fair value hierarchy.

**6. EQUIPMENT**

	<b>Computer Hardware</b>	<b>Office Furniture</b>	<b>Total</b>
<b>COST</b>			
Balance, December 31, 2014	\$ 49,814	\$ 18,660	\$ 68,474
Additions	3,799	-	3,799
Balance, December 31, 2015	53,613	18,660	72,273
Additions	-	532	532
Balance, September 30, 2016	\$ 53,613	\$ 19,192	\$ 72,805
<b>ACCUMULATED AMORTIZATION</b>			
Balance, December 31, 2014	\$ 35,175	\$ 6,884	\$ 42,059
Additions	9,096	2,355	11,451
Balance, December 31, 2015	44,271	9,239	53,510
Additions	3,962	1,414	5,376
Balance, September 30, 2016	\$ 48,233	\$ 10,653	\$ 58,886
<b>CARRYING VALUE</b>			
December 31, 2015	\$ 9,342	\$ 9,421	\$ 18,763
September 30, 2016	\$ 5,380	\$ 8,539	\$ 13,919

**7. INTANGIBLE ASSETS**

*Good Life Communications Inc.*

On October 19, 2015, the Company issued 2,100,000 common shares to acquire the following assets of Good Life Communications Inc., a company related by a common director (note 11):

- "The Good Life Show", which is currently syndicated into 35 radio markets throughout North America;
- the on-air personality Jesse Dylan as host and executive producer of The Good Life Show;
- the extensive library of all previous Good Life show broadcasts; and
- the podcast library of a number of well recognized stars and celebrities.

These assets were intangible in nature and were valued at \$105,000 based on the fair value of the Company's common shares. Upon closing of the asset acquisition, the consulting services agreement between the Company and Good Life Communications Inc., having an effective date of January 1, 2014, was terminated.

## GOOD LIFE NETWORKS INC.

### Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Unaudited)

(Expressed in Canadian Dollars)

#### 7. INTANGIBLE ASSETS (Continued)

##### *Good Life Communications Inc. (Continued)*

As at December 31, 2015, management determined that there was insufficient information to support a reliable estimate of a recoverable value for these intangible assets, and has accordingly recorded an impairment against the full asset carrying value of \$105,000 determined in accordance with Level 3 of the fair value hierarchy.

##### *AmpMobile Assets*

On December 21, 2015, the Company entered into an agreement with Lerna, LLC ("Lerna") to acquire a 100% interest in its advertising exchange platform, AmpDesk Mobile ("AmpMobile"). Consideration for the acquisition is as follows:

- US \$150,000 in cash upon closing (paid);
- A secured promissory note in the principal amount of US \$150,000 (note 8); and
- 10.9% of the common shares of a Special Purpose Operating Company ("SPOC").

The Company intends to enter into a definitive agreement with an unidentified publicly traded SPOC, which would be considered a reverse takeover ("RTO") of the SPOC. In conjunction with the RTO, 10.9% of the issued and outstanding common shares of the SPOC would be issued to Lerna.

The assets to be acquired included assigned contracts, records and customer data. The estimated fair value of the cash payment and promissory note of \$418,110 (US \$300,000) was recorded as the cost of the acquisition of assets.

During the nine-month period ended, and prior to closing the definitive agreement with a SPOC, the transaction with Lerna was abandoned. As the transaction was abandoned, management estimated the recoverable value of the investment in assets to be \$nil, and therefore, recognized an impairment against the full asset carrying value of \$418,110, determined in accordance with Level 3 of the fair value hierarchy.

#### 8. PROMISSORY NOTES

Promissory notes - Lerna (US \$603,165)	\$	799,178
Loan agreement		750,000
<hr/>		
Balance, September 30, 2016	\$	1,549,178
<hr/>		
Promissory note - Lerna (US \$150,000)	\$	209,055
Unamortized financing fees		(45,335)
Loan agreement		750,000
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Balance, December 31, 2015	\$	913,720

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **8. PROMISSORY NOTES (Continued)**

##### *Lerna Promissory Notes*

On April 22, 2015, the Company issued a secured promissory note in the amount of US \$150,000 to Lerna as part of the acquisition of AmpMobile (note 7). The promissory note has a term of one year and interest of 24% per annum. Repayments are based on the net cash flow of the AmpMobile division. Management is in dispute over the promissory note that became due on April 22, 2016 with Lerna, as the transaction with Lerna was never completed and thus the amount remains unpaid.

On March 30, 2016, the Company entered into a secured and subordinated loan agreement (the "Loan Agreement") with Lernalabs Ltd. ("Lernalabs"), a company incorporated in Cyprus, and related to Lerna, pursuant to which Lernalabs agreed to loan to the Company an aggregate principal of up to US \$1,000,000. Pursuant to the Loan Agreement, Lernalabs has advanced US \$453,165 to the Company by way of promissory notes issued to Lernalabs. In addition, US \$66,500 was received by the Company for which no promissory note has been issued.

The loans are collateralized by a general security agreement on all the assets of the Company, which is subordinate to the Company's existing promissory notes.

At September 30, 2016, accrued interest of \$75,285 (December 31, 2015 - \$32,313) was payable.

Concurrent with the Loan Agreement, the Company entered into a consulting services agreement (the "Consulting Services Agreement") with Lernalabs pursuant to which Lernalabs agreed to provide consulting services to the Company for a term of three years commencing March 1, 2016 in exchange for a payment of US \$1,500,000 due on the date that is the later of (i) 13 months from the date of listing of the Company's shares for trading on an exchange (as defined in the agreement), and (ii) 18 months from March 1, 2016. The Consulting Services Agreement also provides that the Company will pay Lernalabs a monthly fee of US \$15,000. The Company terminated the Consulting Services Agreement on August 17, 2016.

##### *Loan Agreement*

On December 21, 2015, the Company entered into a loan agreement with a group of lenders. The Company issued promissory notes for gross proceeds of \$750,000, with a term of one year and interest of 24% per annum. In connection with the promissory notes, the Company incurred \$46,613 in financing fees, which are being amortized over the term of promissory notes of one year. At September 30, 2016 the unamortized balance amounts to \$11,334. Interest is payable on a monthly basis. As part of the loan agreement, \$50,000 is segregated and restricted and is to be used towards interest payments only. The principal amount is due on the last day of the term. To the extent that any revenue or cash flow is generated by AmpMobile or by the Company, payments of 80% of such amounts are due at prescribed times during the term of the loan. The promissory notes are collateralized by a general security agreement entered into with the lenders providing the lenders a first secured interest in the assets of the Company.

## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

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#### **8. PROMISSORY NOTES (Continued)**

For the principal amount of \$750,000 being advanced, the lenders received 802,500 special warrants that will automatically convert into share purchase warrants as follows:

- (i) Upon completion of the transaction with SPOC, the special warrants will automatically convert, without further consideration, into warrants of the SPOC, exercisable for a period of five years. The exercise price will be the lesser of the share price utilized in completing the RTO discounted by 25% per share, and the share price utilized for the financing completed by the SPOC with respect to the RTO discounted by 25%.  
  
If the Company's special warrants are converted into warrants of the SPOC and a concurrent financing is completed of no less than \$4,000,000 which results in the aggregate number of shares to be acquired by the holders of the warrants being less than 2% on a fully diluted basis, then warrants of the SPOC issued to the lenders shall be increased to equal two percent (2%) of the outstanding warrants of the SPOC on a fully diluted basis.
- (ii) If the RTO is not completed within the term of the loan, the special warrants will automatically convert into 8,025,000 warrants of the Company, exercisable for a period of five years at an exercise price of \$0.025 per share.

On inception, the Company allocated the total loan proceeds received between the liability and warrant (equity) components of the convertible debenture using the residual method. However, due to the short-term nature of the amounts advanced, the face value of the loan was estimated to approximate the fair value, and warrant value was assessed to be \$nil using the residual method.

At September 30, 2016, accrued interest of \$nil (December 31, 2015 - \$6,513) was payable. On December 21, 2016, the Company extended the repayment date of the Loan Agreement to April 30, 2017.

#### **9. CONVERTIBLE DEBENTURES**

During the year ended December 31, 2013, the Company raised \$260,000 through the issuance of convertible debentures. The convertible debentures bear interest at 20% per annum, are payable monthly and convertible into common shares of the Company at a price of \$0.05 per share. Five of the notes with combined principal amounts of \$190,000 were convertible on or before June 27, 2018, while one of the notes with a principal amount of \$70,000 was convertible on or before September 6, 2018.

On inception, the Company allocated the total proceeds received between the liability and equity components of the convertible debenture using the residual method, based on a discount rate of 25%, which is the estimated cost at which the Company could borrow similar debt without a conversion feature. The liability component is measured at amortized cost and is accrued over the expected term to maturity using the effective interest method. The equity component is presented as a component of shareholders' deficiency.

## GOOD LIFE NETWORKS INC.

### Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Unaudited)

(Expressed in Canadian Dollars)

#### 9. CONVERTIBLE DEBENTURES (Continued)

During the year ended December 31, 2015, the Company reached an agreement to repay one of the debentures with principal of \$70,000 and accrued interest of \$29,165 with a cash payment of \$98,755. In addition, \$9,412 representing the equity portion of the convertible note on inception was reversed on settlement. The resulting gain of \$410 was recorded in the condensed consolidated interim statement of comprehensive loss.

Additionally, two debentures with a combined principal amount of \$70,000 and accrued interest of \$33,332 were converted into 2,066,630 common shares at a fair value of \$0.05 per share of the Company (note 10(b)); \$9,412 representing the equity portion of the convertible note on inception was also reclassified to share capital on conversion. This conversion settled an outstanding liability including accrued interest of \$109,961. In addition, the resulting loss of \$2,783 was recorded during the year ended December 31, 2015.

At September 30, 2016, accrued interest of \$86,143 (December 31, 2015 - \$66,325) remains unpaid.

On inception, the debentures were allocated into the liability and equity components as follows:

Fair value of convertible debentures	\$	260,000
Portion of convertible debentures allocated to equity		(34,960)
Portion of convertible debentures allocated to liability	\$	225,040

A continuity of the equity portion of the convertible debentures is as follows:

Balance, December 31, 2013 and 2014	\$	34,960
Portion of repayment of convertible debenture allocated to equity		(9,412)
Portion of conversions of convertible debentures allocated to equity		(9,412)
Balance, December 31, 2015 and September 30, 2016	\$	16,136

A continuity of the liability portion of the convertible debentures is as follows:

Balance, December 31, 2014	\$	235,243
Portion of repayment of convertible debenture allocated to liability		(63,763)
Portion of conversions of convertible debentures allocated to liability		(64,938)
Accretion interest expense		5,426
Balance, December 31, 2015		111,968
Accretion interest expense		1,581
Balance, September 30, 2016	\$	113,549

## GOOD LIFE NETWORKS INC.

### Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Unaudited)

(Expressed in Canadian Dollars)

#### 10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

*During the period ended September 30, 2016*

Pursuant to a consulting agreement dated March 1, 2016, the Company issued 3,000,000 common shares to 986992 Alberta Limited ("Alberta") effective on signing of the consulting agreement with a term of one year. The common shares were fair valued at \$150,000 and expensed as consulting fees. The consulting agreement also provides that the Company will pay to Alberta a monthly fee of US \$25,000.

On April 10, 2016, the Company issued 875,000 common shares for consulting services provided to the Company. The common shares were fair valued at \$43,750 and expensed as consulting fees.

In April 2016, the Company entered into an agreement with Stella 3000 Ltd. ("Stella") pursuant to which Stella has agreed to design and deliver a desktop video and mobile web video arbitrage platform (the "Platform"). Pursuant to the agreement, the Company will pay Stella a monthly retainer of US \$25,000 for the term of the agreement commencing March 1, 2016 and ending September 1, 2017. On September 20, 2016, the Company issued 2,000,000 common shares to settle \$100,000 payable to Stella.

On September 20, 2016, the Company issued 5,629,000 common shares for gross proceeds of \$294,200 by way of private placement. Also on September 20, 2016, the Company issued an aggregate of 8,800,000 common shares at a fair value of \$0.05 per share in settlement of debt amounting to \$440,000.

(c) Finders' warrants

Finders' warrant transactions and the number of finders' warrants outstanding are summarized as follows:

	September 30, 2016		December 31, 2015	
	Number of	Weighted	Number of	Weighted
	Finders'	Average	Finders'	Average
	Warrants	Exercise	Warrants	Exercise
		Price		Price
Outstanding, beginning and end of period	1,249,200	\$ 0.125	1,249,200	\$ 0.125

**GOOD LIFE NETWORKS INC.****Notes to the Condensed Consolidated Interim Financial Statements****Nine Months Ended September 30, 2016 and 2015****(Unaudited)****(Expressed in Canadian Dollars)****10. SHARE CAPITAL (Continued)****(c) Finders' warrants (Continued)**

The following finders' warrants were outstanding at September 30, 2016 and December 31, 2015:

<b>Issue Date</b>	<b>Exercise Price</b>	<b>Number of Finders' Warrants</b>
December 18, 2013	\$ 0.125	120,000
December 20, 2013	\$ 0.125	20,000
December 23, 2013	\$ 0.125	200,000
February 28, 2014	\$ 0.125	172,400
March 27, 2014	\$ 0.125	34,000
May 9, 2014	\$ 0.125	80,000
May 16, 2014	\$ 0.125	114,400
May 30, 2014	\$ 0.125	163,600
June 12, 2014	\$ 0.125	46,400
June 30, 2014	\$ 0.125	80,000
August 19, 2014	\$ 0.125	80,000
September 12, 2014	\$ 0.125	35,600
October 1, 2014	\$ 0.125	54,800
October 31, 2014	\$ 0.125	48,000
	\$ 0.125	1,249,200

All finders' warrants become exercisable on the date the Company completes a listing on a recognized Canadian stock exchange or an exchange in the United States. The finders' warrants expire 36 months after that date.

**(d) Warrants**

During the year ended December 31, 2015, the Company issued 802,500 special warrants in accordance with a loan agreement with a group of lenders for gross proceeds of \$750,000 (note 9). The value of the warrants was assessed to be \$nil using the residual value method.

During the year ended December 31, 2015, the Company issued 200,000 warrants exercisable at \$0.125 expiring October 19, 2017.



## GOOD LIFE NETWORKS INC.

### Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Unaudited)

(Expressed in Canadian Dollars)

#### 11. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include directors and officers.

*Key management compensation comprises*

	September 30, 2016	September 30, 2015
Short-term cash compensation	\$ 370,800	\$ 330,250

Short-term cash compensation consisted of \$225,000 (2015 - \$180,000) in management fees charged by a company controlled by the CEO, \$70,000 (2015 - \$75,000) in consulting fees, \$21,000 (2015 - \$27,000) in accounting fees and \$nil (2015 - \$15,120) in commissions.

During the period ended September 30, 2016, production and broadcasting costs of \$nil (2015 - \$225,000) were paid to Good Life Communications Inc., a company related through a common director.

During the period ended September 30, 2016, \$194,973 (2015 - \$150,250) of short-term compensation included in wages and salaries were paid to close family members of a director.

At September 30, 2016, included in accounts payable and accrued liabilities was \$nil (December 31, 2015 - \$187,289) owing to officers and a director.

#### 12. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	September 30, 2016	September 30, 2015
<b>Additional Information</b>		
Shares to be issued for services	\$ (32,842)	\$ 21,875
Shares issued for debt settlement	\$ 540,000	\$ -
Investment acquired by promissory note (note 8)	\$ -	\$ (209,055)
Subscriptions received applied to share capital	\$ 20,833	\$ 162,000

#### 13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, digital branding and advertising. All of its assets are held in Canada; 95% of its revenues are earned in the United States.

#### 14. COMMITMENTS

On May 4, 2012, the Company entered into a premises lease for a term of 36 months commencing June 1, 2012. The lease was extended for an additional 12 months, and subsequently extended for a further 14 months. On December 6, 2013, the Company entered into a sublease agreement for a term of 31 months for additional premises commencing January 1, 2014. Base rent plus estimated operating costs over the remaining lease term is \$92,989.



## **GOOD LIFE NETWORKS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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#### **15. CONTINGENCIES**

In December 2016, the Company filed a civil claim against, among others, Lerna (notes 7 and 8), Lernalabs (note 8) and lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "Claim"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement and further they were misrepresented into entering into the Loan Agreement and Consulting Services Agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

- Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;
- Rescission of the Loan Agreement and Consulting Services Agreement with Lernalabs and recovery of any amounts paid pursuant to the Consulting Services Agreement; and
- Recovery of costs associated with the various agreements.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking relief for the promissory note principal in the amount of US \$150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable.

At the date of the condensed consolidated interim financial statements, the outcome of these claims cannot be determined and no additional amounts have been accrued.

#### **16. EVENTS AFTER THE REPORTING DATE**

The following events occurred after September 30, 2016:

- (a) On October 7, 2016, the Company entered into an arrangement agreement with Exito Energy II Inc. ("Exito") with respect to a proposed business combination intended to constitute Exito's qualifying transaction, as such term is defined under the policies of the TSX Venture Exchange. The transaction will be structured as a share exchange by way of plan of arrangement (the "Arrangement") under the provisions of the *Business Corporations Act* (British Columbia), whereby, among other things, the holders of common shares of the Company will receive 0.2601 of one common share of Exito (on a post-consolidated basis) for each common share held. Exito will become the sole shareholder of the Company, and will subsequently amalgamate with the Company and the resulting combined entity will be listed on the TSX Venture Exchange. Completion of the Arrangement is subject to, among other things, satisfaction of all closing conditions, including receipt of all requisite regulatory, court and shareholder approvals.
- (b) Pursuant to a consulting agreement entered into with Stella (note 10), the Company issued 1,333,333 common shares on October 5, 2016 at a fair value of \$67,667 to Stella as consideration for Stella's assignment of intellectual property to the Company.

**GOOD LIFE NETWORKS INC.**

**Notes to the Condensed Consolidated Interim Financial Statements**

**Nine Months Ended September 30, 2016 and 2015**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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**16. EVENTS AFTER THE REPORTING DATE (Continued)**

- (c) On October 18, 2016, the Company issued 3,000,000 common shares at a fair value of \$150,000 to settle amounts payable to a director.
- (d) On December 21, 2016, the Company extended the repayment date of the Loan Agreement to April 30, 2017.

**APPENDIX "E"**  
**GLN INTERIM MD&A**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the nine months ended September 30, 2016**

*This management discussion and analysis ("MD&A") of Good Life Networks Inc. (the "Company" or "GLN") for the nine months ended September 30, 2016 is as of March 31, 2017. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. This MD&A should be read in conjunction with our audited consolidated financial statements for the year-ended December 31, 2015 and the related notes thereto. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

### OVERVIEW OF THE COMPANY

GLN, a B.C.-based company, was incorporated under the *Business Corporations Act* (British Columbia) on August 17, 2011. The registered and records office of GLN is located at 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

In 2014, GLN had established itself as a leading Digital Branding and Advertising Agency with exclusive expertise in Broadcasting, Branding & Design, Development, Content Creation, Marketing, Social Media Management and Distribution.

The GLN management team consists of award winning broadcasters, designers and marketing experts. GLN is led by award winning broadcaster, bestselling author and company Founder & CEO Michael Woodman (broadcast name: Jesse Dylan). Woodman's 35 + years of broadcast leadership and business building experience guides GLN through the 21st century's Digital Media, Branding, and Distribution landscape. GLN compiled strategic partnerships with global brands such as Apolo Ohno, iHeartRadio, The Bullet Proof Executive, Meteor 17, Disney, Radio America and many more of the world's leading brands.

In 2015, GLN completed its evolution from an award winning broadcast, traditional marketing and web design agency into an industry leader in Ad Tech. In 2016, GLN launched a proprietary technology platform designed for one of the largest and fastest growing industries in the world, digital advertising.

The GLN platform is a proprietary video advertising platform, designed specifically for this rapidly growing industry. GLN's technology provides unparalleled levels of visibility and scale, affording a unique opportunity to scale high EDITDA revenue that is not available on any commercially available platform.

The platform is the cornerstone of GLN's business, providing industry leading insights and data. This allows GLN to match their clients to buyers in a way that provides significant and sustainable value to both. This "Big Data" model means GLN can forecast algorithmically the needs and wants of the brands they represent, maximizing the efficiency

for their partners while increasing their margins and profitability.

GLN has developed a Programmatic Marketing Platform to intelligently connect digital advertisers to consumers across online display, mobile, social and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by GLN's proprietary machine learning technology that uses "Big Data" to intelligently target and connect digital advertisers with consumers. GLN has offices in the U.S. and Canada, and its customers range from large to small size businesses.

GLN's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and GLN's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms, which are the foundation of GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. GLN purchases impressions for advertisers through publishers, ad networks and exchanges. GLN's technology platform benefits advertisers by enabling them to manage their bid amounts, target specific performance metrics and strive to achieve consumer targeting goals.

#### **CORPORATE UPDATE**

In November of 2016, GLN introduced its SaaS (Software As A Service) platform "ORA" using its proprietary technology.

In December of 2016, GLN licensed the platform to RLLCLL, LLC and Mega Media, LLC. GLN charges a minimum service fee for use of the platform to each licensee then receives a percentage of each sale (ad placement) each client makes using the platform. SaaS has the advantage of providing more robust software to small and medium-size businesses without forcing them to incur large investments in servers, staff, and application design and programming. Instead of facing large upfront costs, businesses pay for access to GLN's platform on a steady monthly basis, much like an electric or water bill. GLN will continue to develop its SaaS platform during the first quarter of 2017 (currently in beta test) and intends to introduce the full SaaS platform to market in the third quarter of 2017.

#### **OVERALL PERFORMANCE**

##### **REVENUE AND MEDIA COSTS**

Media costs comprise advertising impressions the Company purchased from real-time advertising exchanges or through other third parties. For the nine months ended September 30, 2016 media costs were \$1,383,506 compared to \$9,311 for the nine months ended September 30, 2015, representing an increase of \$1,374,195 attributable to the added cost of buying media for a greater number of advertising campaigns. As a percentage of revenue, revenue less media costs were 25% for nine months ended September 30, 2016 compared to 95% for the prior year period. The Company's Management Team regularly evaluates the Company's pricing strategy in order to optimize the Company's objectives of market penetration and profitability; accordingly margins may fluctuate from quarter to quarter.

Revenue less media costs for the nine months ended September 30, 2016 increased \$288,889 year-over-year due to the increase in customer advertising campaigns. Revenue less media costs margin decreased to 25% for the nine months ended September 30, 2016 from 95% for the prior year period as a result of strategic pricing decisions as described above.

## **GLN OVERVIEW OF OPERATIONS**

GLN is a private technology company headquartered in Vancouver, British Columbia, Canada that has developed a Programmatic Marketing Platform to intelligently connect digital advertisers to consumers across online display, mobile and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by GLN's proprietary machine learning technology that uses "Big Data" to intelligently target and connect digital advertisers with consumers. GLN has offices in the U.S. and Canada, and its customers range from large to small size businesses.

GLN's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and GLN's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms, which are the foundation of GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. GLN purchases impressions for advertisers through publishers, ad networks and exchanges. Its technology platform benefits advertisers by enabling them to manage their bid amounts, target specific performance metrics to achieve consumer targeting goals.

The GLN platform is a proprietary video advertising platform, designed specifically for this rapidly growing industry. GLN's technology provides an unparalleled levels of visibility and scale, affording a unique opportunity to scale high EBITDA revenue that is not currently available on any other commercially available platform.

The platform is the cornerstone of GLN's business, providing industry leading insights and data. This allows GLN to match their clients to buyers in a way that provides significant and sustainable value to both. This "Big Data" model means GLN can forecast algorithmically the needs and wants of the brands they represent, maximizing the efficiency for their partners while increasing their margins and profitability. GLN combines decades of award winning management experience with innovative technology designed and developed in house.

## **RESULTS OF OPERATIONS**

### ***Financial and operating highlights for the nine months ended September 30, 2016 and to the date of this report***

In 2016, the Company achieved the following:

- Deployed the Company's RTB platform
- Over 100 clients successfully using the platform during the course of 2016
- Developing and deploying the Company's SaaS (Software As A Service) platform "ORA".

## Results for the nine months ended September 30, 2016 and 2015

The following table summarizes various results for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Total revenue	\$ 1,838,774	\$ 175,690
Cost of goods sold	1,383,506	9,311
Selling, general and administration	2,446,811	1,480,055
Net loss	\$ (1,998,502)	\$ (1,309,453)
Loss per share		
Basic and diluted	\$ (0.03)	\$ (0.02)

Revenue for the nine months ended September 30, 2016 increased by \$1,663,084 or 947% to \$1,838,774 from \$175,690 for the nine months ended September 30, 2015.

Year-over-year revenue growth was attributable to growth in Canada and US as well as very strong growth in the Company's self-service business services. Sales of the Company's Programmatic Marketing Platform on a self-service basis contributed revenue of \$1,838,774 during the nine months ended September 30, 2016 compared to \$175,690 in the same period of 2015, an increase of 947%.

Revenue generated in the US was \$1,746,835 for the nine months ended September 30, 2016, an increase of \$1,579,929 or 947% from the prior year period.

Adjusted EBITDA of (\$1,786,429) for the nine months ended September 30, 2016 compared to an EBITDA of (\$1,265,053) in the same period of 2015. The increase in adjusted EBITDA is attributable to increased investment in sales and marketing and a focus on managing expenses.

Net loss and comprehensive loss for the nine months ended September 30, 2016 increased by \$689,049 due to the items noted above.

The Company's revenues and operating results may vary from quarter to quarter as a result of a variety of factors, some of which are outside of the Company's control, including seasonality and cyclicity. The third quarter ending September 30, 2016 reflects increase advertising activity during the summer season.

Seasonality may be affected by customer mix, such that retail advertisers may concentrate their advertising spending with GLN in the second quarter while entertainment advertisers may concentrate their spending to coincide with the launch and display of content, such as television shows or movies. The Company's growth has led to fluctuating overall operating results due to investments in GLN's sales and marketing and research and development from quarter to quarter and increases in employee headcount. As a result of these factors, one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results.

### **General and administration**

General and administrative expenses include salaries and benefits of the administrative staff, occupancy costs, public company fees, professional fees, and supplies. General and administrative expenses increased by \$966,756 over the nine months ended September 30, 2016. The increased expense is attributable to the growth of the Company's operations.

### **Amortization**

Amortization for the nine months ended September 30, 2016 increased by \$173 from the comparable period in the prior year, due mainly to additions of equipment to the Company's data centres and, to a lesser extent, computer equipment and office furniture.

### **Financing and accretion fees**

For the nine months ended September 30, 2016 financing fees were \$34,002, increasing \$29,920 from the prior year period and accretion fees were \$1,581 compared to (\$4,955) from the prior year period, an increase of \$6,536. Increased financing fees are primarily due to the increased term loan amount together with the revolving line of credit balance outstanding. Accretion interest expense were accrued with respect to the Company's convertible debentures.

### **Foreign exchange**

Foreign exchange gains or losses consist of the realized and unrealized exchange differences due to fluctuations between the Canadian and the U.S. dollar. The Company recorded a net foreign exchange loss of \$6,959 for the nine months ended September 30, 2016 compared to a gain of \$4,223 for the nine months ended September 30, 2015. The balance of net financial assets carried in U.S. dollars increased year over year which, resulted in a greater foreign exchange loss for the nine months ended September 30, 2016 compared to the prior year period.

To date the Company does not hedge foreign currency transactions but may elect to do so in the future if it is determined to be advantageous.

## **LIQUIDITY AND CAPITAL RESOURCES**

Selected financial information from the statements of financial position as at September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Working capital deficit	\$ 2,970,011	\$ 1,889,842
Deficit	\$ 10,034,323	\$ 8,035,821

At September 30, 2016 cash and cash equivalents was \$78,488 compared to \$195,037 at December 31, 2015.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company does not have sufficient working capital at this time to meet its ongoing financial obligations and is considering all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and related party loans. There can be no assurance of continued access to finance in the future, and an ability to secure such finance may require the Company to substantially curtail operations and new business opportunities.



## Sources and Uses of Cash

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Cash used in operating activities	\$ (782,140)	\$ (154,408)
Cash used in investing activities	(532)	(209,055)
Cash provided by financing activities	716,123	349,643
Effect of foreign exchange rate on cash and cash equivalents	-	-
Net decrease in cash and cash equivalents	\$ (66,549)	\$ (13,820)

As at September 30, 2016 the Company had cash and cash equivalents of \$78,488 compared to \$145,037 at the prior year end date. The decrease in cash was primarily attributable to the timing of receipts of trade receivables.

Cash flows used in operations were \$782,140 in the nine months ended September 30, 2016, compared to cash flows used in operations of \$154,408 in the prior year period. Other current assets at September 30, 2016 included accounts receivables of \$951,466 (December 31, 2015 - \$117,801). Management assessed the value of the amount recoverable at the period end and determined there was no indication of impairment.

Cash flows used in investing activities for the current period was mainly due to the purchase of equipment. The comparative period investing activity consisted of a cash outflow of \$209,055 incurred for investments.

Cash flows from financing activities was \$716,123 compared to \$349,643 in the comparative period last year. The increase was mainly due to the issuance of shares and promissory notes during the current period.

The Company believes that its cash position and expected future cash inflows from financing, and revenues will be sufficient to finance its operational and capital needs for at least 12 months. However, the Company's future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with commercialization efforts, clinical trials, and strategic opportunities. As a result, in the future it may be necessary to raise additional funds. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing. However, there can be no assurance that the Company will successfully raise funds to continue the development and commercialization of its advertising technology and operational activities.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the assumption that the Company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support operating and investing activities as the Company continues to expand its operations in the foreseeable future. The Company intends to seek new funding from equity financings, lenders and other sources, which will optimize the Company's cost of capital; however, there is no certainty that additional financing will be available or that it will be available with attractive terms.

## TRANSACTIONS WITH RELATED PARTIES

The key management personnel of the Company are the members of the Company's Executive Management Team and Board.

Executive Officers of the Company received compensation in the aggregate amount of \$370,800 during the nine months ended September 30, 2016 (2015 - \$330,250).

Short term cash compensation consisted of \$225,000 (2015 - \$180,000) in management fees charged by a company controlled by the CEO, \$70,000 (2015 - \$75,000) in consulting fees, \$21,000 (2015 - \$27,000) in accounting fees and \$nil (2015 - \$15,120) in commissions.

During the period ended September 30, 2016, production and broadcasting costs of \$nil (2015 - \$225,000) were paid to Good Life Communications Inc., a company related through a common director.

During the period ended September 30, 2016, \$194,973 (2015 - \$150,250) of short-term compensation included in wages and salaries were paid to close family members of a director.

At September 30, 2016, included in accounts payable and accrued liabilities was \$nil (December 31, 2015 - \$187,289) owing to officers and a director.

Executive Officers own directly or beneficially 17.26% of the issued common shares of the Company (“**Common Shares**”) as at September 30, 2016.

#### UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Nine Months Ended	
	September 30, 2016	September 30, 2015
<b>Revenue</b>		
Product revenues	\$ 1,838,774	\$ 175,690
<b>Cost of goods sold</b>	1,383,506	9,311
<b>Operating expenses</b>	455,268	166,379
Total operating expenses	2,446,811	1,480,055
<b>Operating loss</b>	(1,991,543)	(1,313,676)
Gain (loss) on foreign exchange	(6,959)	4,223
<b>Net loss and comprehensive loss for the period</b>	\$ (1,998,502)	\$ (1,309,453)
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)
Weighted average number of Common Shares		
Basic	79,070,273	57,256,030
Diluted	79,070,273	57,256,030

#### Nine-months ended September 30, 2016 compared to nine-months ended September 30, 2015

During the nine months ended September 30, 2016, the Company’s net loss was \$1,998,502 compared to a net loss of \$1,309,453 for the nine months ended September 30, 2015. The \$689,049 increase was significantly caused by the following changes in revenue and costs:

- Revenue increased by \$1,663,084 to \$1,838,774 from \$175,690 and cost of goods sold increased by \$1,374,195 to \$1,383,506 from \$9,311. Gross margin increased by \$288,889.
- Consulting fees increased by \$961,089 due to higher rates paid to consultants during the current period as a result of increased in corporate and administrative activity as compared to the comparative period last year.

- Accretion interest increased by \$167,500 due to interest accrued for the loans received by the Company.
- Office, software and general expenses increased by \$137,016 due to increased corporate and administrative activity during the current period.
- Management fees increased by \$45,000 due to increased corporate activity.
- Wages and salaries increased by \$44,723 due to higher number of employees during the current period.
- Production and broadcasting decreased by \$231,628, advertising, promotion and marketing decreased by \$67,732, commissions decreased by \$15,120. These decreases in cost were a result of an overall reduction of broadcasting activities as the Company began focusing on its advertising business.

## **CONTRACTUAL OBLIGATIONS**

On May 4, 2012, the Company entered into a premises lease for a term of 36 months commencing June 1, 2012. The lease was extended for an additional 12 months, and subsequently extended for a further 14 months. On December 6, 2013, the Company entered into a sublease agreement term of 31 months for additional premises commencing January 1, 2014. Base rent plus estimated operating costs over the remaining lease term is \$92,989.

In December 2016, the Company filed a civil claim against, among others, Lerna, and Lernalabs and lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "Claim"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement and further they were misrepresented into entering into the Loan Agreement and Consulting Services Agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

- Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;
- Rescission of the Loan Agreement and Consulting Services Agreement with Lernalabs and recovery of any amounts paid pursuant to the Consulting Services Agreement; and
- Recovery of costs associated with the various agreements.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking relief for the promissory note principal in the amount of US \$150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable.

At the date of the condensed consolidated interim financial statements, the outcome of this claim cannot be determined and no amounts have been accrued.

## **PROPOSED TRANSACTIONS**

On October 7, 2016, GLN and Exito Energy II Inc. ("Exito"), a capital pool company (TSX-V:EXI.P), entered into an arrangement agreement with respect to a proposed business combination intended to constitute Exito's qualifying transaction, under the policies of the TSX Venture Exchange (the "Exchange"). Following further discussions, the Company entered into an Amended and Restated Arrangement Agreement with Exito dated January 31, 2017, as amended effective March 31, 2017. Pursuant to the Amended and Restated Arrangement Agreement, Exito will acquire all of the issued and outstanding Common Shares of GLN in exchange for the issuance of common shares in the capital of Exito and the amalgamation of Exito and GLN shortly thereafter (the "Resulting Issuer") by way of plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the "Acquisition"). Pursuant to the Amended and Restated Arrangement Agreement, GLN has covenanted to use its commercially reasonable efforts to complete the a financing to raise gross proceeds of at least \$3,500,000 through the issuance of subscription receipts of GLN (the "Subscription Receipts") by way of private placement to certain subscribers at a price per Subscription Receipt of not less than \$0.25 (the "Concurrent Financing").

## **OUTSTANDING SHARE CAPITAL**

As of March 31, 2017, there were 100,187,221 Common Shares issued and outstanding and 2,699,200 common share purchase warrants of the Company issued and outstanding.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We have no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of condensed consolidated interim financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 2 of the Company's condensed consolidated interim financial statements.

## **CHANGES IN ACCOUNTING POLICIES**

### **Recently adopted accounting pronouncements**

Amendments to IAS 32, Offsetting Financial Assets and Liabilities ("Amendments to IAS 32"). The adoption of the amendments to this standard did not have an impact on the Company's condensed consolidated interim financial statements.

International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21"). The adoption of this standard did not have an impact on the Company's financial statements.

## **RISK FACTORS**

The following risk factors should not be considered to be exhaustive and may not be all of the risks that GLN may face. Management of the Company believes that the factors set out below could cause actual results to be different from expected and historical results.

The discussion in this MD&A addresses only what management has determined to be the most significant known events, trends, risks and uncertainties relevant to the Company, its operations and/or its financial results. This discussion is not exhaustive.

### **Business Risk**

#### ***Limited Operating History***

GLN was founded in 2011 and commenced sales in 2011. As a result, it has a limited operating history upon which its business and future prospects may be evaluated. To date, GLN has incurred significant losses and may never maintain profitability. See Note 3 to GLN audited consolidated financial statements "Significant Accounting Policies".

Although GLN has experienced substantial revenue growth during its limited history, it may not be able to sustain this rate of growth or maintain current revenue levels. In order for the Company to meet future operating and debt service requirements, it will need to continue to be successful in its marketing and sales efforts. GLN may not gain customer acceptance of any of its offerings in new markets due to its lack of an established track record, its financial

condition, competition, price or a variety of other factors. If sales are increased, the Company's current operational infrastructure may require changes to scale GLN's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. GLN's future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If GLN's offerings are not accepted by new customers, or if new and existing customers do not purchase GLN's offerings at anticipated levels, the Company's operating results may be materially and adversely affected.

#### ***Fluctuation of Financial Results***

GLN's quarterly and annual operating results have fluctuated in the past. GLN is a relatively new company that is rapidly expanding. Thus, revenues may be materially affected by the decisions of its management and/or customers, or due to a variety of other factors, many of which may be beyond the Company's control. In addition, expenses may exceed estimates or be incurred in the expectation of sales that do not occur or that occur later than expected. General economic conditions or conditions in the industries in which GLN's customers compete, technological innovations and the adoption of technical standards can also be expected to affect operating results. Management expects its operating expenses to continue to increase in the foreseeable future as it continues to expand its business, including adding employees and contractors in existing and new territories, to support continued investments in GLN's technology and to support its growth and expansion. Fluctuating results could cause significant, unanticipated quarterly losses and cause GLN's performance to fall below the expectations of investors, which could adversely affect the price of the Common Shares. In addition, because GLN's business is changing and evolving rapidly, historical operating results may not be useful in predicting future operating results.

#### ***Reliance of Key Customers***

Historically, a majority of GLN's sales have been to relatively few customers. For the nine months ended September 30, 2016, approximately 80% of the Company's revenues were derived from its top ten customers. While it is expected that this reliance will decrease over time, GLN will continue to depend upon a relatively small number of customers for a significant portion of its revenue for the foreseeable future. The loss of a significant customer or failure to attract new customers could harm GLN's business and severely impact the future financial success of the Company.

#### ***Retaining and Attracting Customers***

To sustain or increase GLN's existing revenue, the Company must add new advertisers and encourage existing advertisers, which may be represented by advertising agencies, to purchase additional offerings. As the digital advertising industry matures and as competitors introduce lower cost or differentiated products or services that compete with, or are perceived to compete with GLN, its ability to complete sales with new and existing advertisers based on GLN's current offerings, pricing, technology platform and functionality could be impaired. If GLN fails to retain or cultivate the spending of newer, lower-spending advertisers, it will be difficult for it to sustain and grow its revenue. Even with long-time advertisers, GLN may reach a point of saturation at which it cannot continue to grow revenue from those advertisers because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider or for other reasons not known to management.

GLN has invested significant resources in its sales and marketing teams to educate potential and prospective advertisers and advertising agencies about the value of its platform. Sales often are required to explain how GLN's platform can optimize advertising campaigns in real time. GLN's business depends in part upon advertisers' confidence, and the confidence of the advertising agencies that represent those advertisers, that use of real-time advertising exchanges to purchase inventory is superior to other methods of purchasing digital advertising.

GLN often spends substantial time and resources responding to requests for proposals from potential advertisers and their advertising agencies, including developing material specific to the needs of such potential advertisers. GLN may not be successful in attracting new advertisers despite its investment in business development, sales and marketing.

GLN continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of GLN believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. GLN's ability to achieve significant revenue growth will depend, in large part, on its success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support its growth. New hires require significant training and it may take significant time before they achieve full productivity. Recent hires and planned hires may not become productive as quickly as expected, and GLN may be unable to hire or retain sufficient numbers of qualified individuals in the markets where it does business or plans to do business. In addition, if GLN continues to grow rapidly, a large percentage of its sales team will be new to the Company and its offerings. If GLN is unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to its existing customer base, its business will be adversely affected.

#### ***No Long-Term Customer Commitments***

GLN's customers do business with GLN by placing insertion orders ("IO") for particular advertising campaigns. If GLN performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with GLN for additional advertising campaigns. GLN generally has no commitment from an advertiser beyond the campaign governed by a particular insertion order. Insertion orders may be cancelled by advertisers or their advertising agencies prior to the completion of the campaign without penalty. As a result, GLN's success is dependent upon its ability to outperform competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom it provides services. In addition, it is relatively easy for advertisers and the advertising agencies that represent them to seek an alternative provider for their advertising campaigns because there are no significant switching costs, and agencies often have relationships with many different providers, each of whom may be running portions of the same advertising campaign. Because GLN does not have long-term contracts, management may not accurately predict future revenue streams and there can be no assurance that current advertisers will continue to use GLN's platform, or that GLN will be able to replace departing advertisers with new advertisers that provide GLN with comparable revenue.

#### ***Failure to Properly Manage Growth***

GLN's business has grown since its inception. Continued growth may strain the Company's management, financial, and other resources. GLN relies heavily on information technology systems to manage critical functions such as advertising campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage any future growth effectively, GLN must expand its sales, marketing, technology and operational staff, invest in research and development of the Programmatic Marketing Platform and/or new offerings, enhance its financial and accounting systems and controls, integrate new personnel or contractors, and successfully manage expanded operations. If GLN continues its growth, it will incur additional expenses, and its growth may continue to place a strain on resources, infrastructure and ability to maintain the quality of its offering. Accordingly, GLN may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

#### ***Acquisitions by GLN***

As part of its business strategy, GLN may attempt to acquire businesses or technologies that it believes are a strategic fit with its business. GLN currently has no commitments for any acquisition and furthermore, it has not made any acquisitions to date. Accordingly, the Company's ability as an organization to acquire and integrate other companies, products or technologies in a successful manner is unproven. It may not be possible to find suitable acquisition candidates, and GLN may not be able to complete such acquisitions on favorable terms, if at all. Any future acquisition may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since GLN may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisitions GLN completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets and the incurrence of large, immediate write-offs.



### ***Reliance on Third Parties***

GLN anticipates that it will continue to depend on various third-parties in order to grow its business. GLN continues to pursue additional third parties, such as technology and content providers, real-time advertising exchanges, market research companies, co-location facilities and other strategic parties. Identifying, negotiating and documenting with third parties requires significant time and resources as does utilizing third-party data and services. GLN's channel partners and providers of technology, computer hardware, co-location facilities, content and consulting services and real-time advertising exchanges are typically non-exclusive, do not prohibit them from working with GLN's competitors or from offering competing services. These third parties may terminate at any time. GLN's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of GLN's offerings. In addition, these third parties may not perform as expected with GLN, and GLN may have disagreements or disputes with such third parties, which could negatively affect GLN's brand and reputation.

In particular, GLN's continued growth depends on its ability to source computer hardware, including servers built to its specifications, and the ability to locate those servers and related hardware in co- location facilities in the most desirable locations to facilitate the timely delivery of its services. Similarly, disruptions in the services provided at co-location facilities that GLN relies upon can degrade the level of services that it can provide, which may harm GLN's business. GLN also relies on its utilization with many third-party technology providers to execute its business on a daily basis. GLN must efficiently direct a large amount of network traffic to and from its servers to consider billions of bid requests per day, and each bid typically must take place in approximately 100 milliseconds or less. GLN relies on a third-party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If GLN's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across GLN's servers as well as impairing or preventing web browser connectivity to GLN's platform, which may harm its business.

### ***Personnel***

The loss of any member of GLN's Management Team, and in particular, its co-founders, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on GLN's business and operating results.

At present and for the near future, GLN will depend upon a relatively small number of employees and contractors to develop, market, sell and support its platform. The expansion of technology, marketing and sales of its platform will require GLN to find, hire, and retain additional capable employees or subcontractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and GLN may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, GLN may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

In addition, as GLN moves into new geographies, it will need to attract and recruit skilled employees in those areas. GLN has little experience with recruiting in geographies outside of Canada and the United States, and may face additional challenges in attracting, integrating and retaining international employees.

### ***Conflicts of Interest***

Certain of the Directors and Officers of GLN are or may become Directors or Officers of, or have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which GLN may participate, the Directors and Officers of GLN may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with GLN. In the event that any such conflict of interest arises, a Director who has such a conflict will disclose the conflict to a meeting of the Board of Directors of GLN and will abstain from voting for or against the approval of such participation or such

terms. In accordance with applicable laws, the Directors of GLN are required to act honestly, in good faith and in the best interests of GLN. In determining whether or not GLN will participate in a particular transaction, the Directors will primarily consider the potential benefits to GLN, the degree of risk to which GLN may be exposed and its financial position at that time.

#### ***Dependence on Display Advertising***

Historically, GLN's customers have predominantly used the Programmatic Marketing Platform for display advertising, and the substantial majority of GLN's revenue is derived from advertisers that use the Programmatic Marketing Platform for display advertising. GLN expects that the online advertising channels it supports will continue to be a primary channel used by its customers. Should customers lose confidence in the value or effectiveness of these channels, the demand for the Programmatic Marketing Platform may decline. While revenues from mobile, social and video advertising have grown rapidly, GLN's failure to achieve market acceptance of the Programmatic Marketing Platform for mobile, social and video advertising would harm its growth prospects, operating results and financial condition.

#### **Financial and Accounting Risks**

##### ***Additional Financing***

There can be no certainty that GLN's financial resources and revenue from sales will be sufficient for its future needs. GLN may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of GLN's Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of GLN to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of GLN. It may be difficult or impossible for GLN to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as GLN, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that GLN pays to service future debt incurred by GLN and affect GLN's ability to fund ongoing operations. If additional financing is raised by the issuance of shares or other forms of convertible securities, control of GLN may change and shareholders may suffer dilution. If adequate funds are not available, or not available on acceptable terms, GLN may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and continue operations. Any debt financing that is secured in the future could involve restrictive covenants relating to GLN's future capital raising activities and other financial and operational matters, including the ability to pay dividends. This may consequently make it more difficult for GLN to obtain additional capital and to pursue business opportunities, including potential acquisitions.

##### ***Existing Debt***

GLN has granted a security interest in its assets, including its intellectual property, to a lender as security for the loan. The loan also requires GLN to comply with certain financial covenants, which are tested on a monthly basis, and contains a number restrictive covenants, which would, among other things, prevent GLN from: (i) disposing of or selling its assets; (ii) making any changes in its debt or capital structure or amending its bylaws, (iii) consolidating or merging with other entities; (iv) entering into contracts outside of the normal course of business; (v) purchasing or redeeming any shares; (vi) paying dividends; or (vii) incurring lease obligations or capital expenditures above defined thresholds. A failure by GLN to repay the loan in accordance with its terms or other default would entitle the lender to, among other things, foreclose on GLN's assets, which would likely terminate its ability to continue operations.

##### ***Foreign Sales***

GLN currently has certain foreign sales that are denominated in US dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, GLN incurs a portion of its operating expenses in US dollars. In the future, GLN's international sales may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact GLN's business, financial condition and results of operations. GLN has not previously engaged in foreign currency hedging. If GLN decides to hedge its foreign currency exposure, it may not



be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide GLN from foreign currency fluctuations and can themselves result in losses.

#### ***Estimates or Judgments Relating to Critical Accounting Policies***

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. GLN bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. GLN's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause GLN's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of GLN. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

#### ***Internal Controls over Financial Reporting***

As a result of GLN's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. GLN does not have the resources, size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, GLN is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, GLN will not be required to certify the design and evaluation of its disclosure controls and procedure ("DC&P") and internal controls over financial reporting ("ICFR"), and as such GLN has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure In Issuers' Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### **Industry Risks**

##### ***Market Competition and Technological Changes***

The existing and anticipated markets for GLN's Programmatic Marketing Platform are highly competitive. Barriers to enter the market are low and additional companies may enter the market with competing offerings as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. In addition, GLN's customers could develop their own solutions. Many of GLN's competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does GLN. They may be able to respond more quickly than GLN can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering Programmatic and real time bidding solutions, GLN also competes with services offered through large online portals that have significant brand recognition, such as Yahoo and Google. These large portals have substantial proprietary digital advertising inventory that may provide them with competitive advantages, including far greater access to internet user data, and the ability to significantly influence pricing for digital advertising inventory. GLN also competes for a share of advertisers' total advertising budgets with online search advertising, for which GLN does not offer a solution, and with traditional advertising media, such as direct mail, television, radio, cable and print.

Some of the competitors mentioned above also act as suppliers of GLN, putting them in a potential conflict of interests position. There is a risk that such competitors may, in the future, constrain or entirely cut off GLN from its sources of supply of inventory in order to improve their own competitive position in the markets targeted by GLN.

New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of GLN's offerings to achieve or maintain acceptance in existing or anticipated markets. The development of competing offerings or technologies by market participants or the emergence of new industry or government standards may adversely affect GLN's competitive position.

As a result of these and other factors, GLN may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on GLN's business, financial condition and results of operations.

### ***Use of Third Party Cookies***

GLN uses "cookies" (small text files) in connection with its Programmatic Marketing Platform. GLN's cookies are known as "third party cookies" because they are placed on individual browsers when internet users visit a website owned by a publisher, advertiser or other first party that has given GLN permission to place cookies. These cookies are placed through an internet browser on an internet user's computer and correspond with a data set that is kept on GLN's servers. GLN's cookies record certain information, such as when an internet user views an ad, clicks on an ad, or visits one of GLN's advertiser's websites through a browser while the cookie is active. GLN uses these cookies to help it achieve advertisers' campaign goals, to help it ensure that the same internet user does not unintentionally see the same advertisement, to report aggregate information to advertisers regarding the performance of their advertising campaigns and to detect and prevent fraudulent activity. GLN's also uses data from cookies to help it decide whether to bid on, and how to price, an opportunity to place an advertisement in a certain location, at a given time, in front of a particular internet user. Without cookie data, GLN may bid on advertising without as much insight into activity that has taken place through an internet user's browser. A lack of cookie data may detract from GLN's ability to make decisions about which inventory to purchase for an advertiser's campaign, and undermine the effectiveness of the Programmatic Marketing Platform.

Cookies may easily be deleted or blocked by internet users. Most commonly used internet browsers allow internet users to modify their browser settings to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Certain internet users also download free or paid "ad blocking" software that prevents third party cookies from being stored on a user's computer. If more internet users adopt these settings or delete their cookies more frequently than they currently do, GLN's business could be harmed. In addition, some internet browsers block third party cookies by default, and other internet browsers may implement similar features in the future. Unless such default settings in browsers are altered by internet users to accept third party cookies, fewer of GLN's cookies may be set in browsers, adversely affecting its business.

Certain international jurisdictions have adopted and implemented legislation that negatively impacts the use of cookies for online advertising, and additional jurisdictions may do so in the future. Currently, although the Canadian Anti-Spam Legislation ("CASL") requires consent to install a computer program, CASL provides a deemed express consent for the installation of a cookie. Limitations on the use or effectiveness of cookies may impact the performance of the Programmatic Marketing Platform. GLN may be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies to compensate for the lack of cookie data. GLN may not be able to develop or implement additional tools that compensate for the lack of cookie data. Moreover, even if GLN is able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than GLN's current use of cookies.

### ***Potential "Do Not Track" Standards***

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. In 2010, the United States Federal Trade Commission, or FTC, issued a staff report criticizing the advertising industry's self-regulatory efforts as too slow and lacking adequate consumer protections. The FTC emphasized a need for simplified notice, choice and transparency to the consumer regarding collection, use and sharing of data, and suggested implementing a "Do Not Track" browser setting that allows consumers to choose whether to allow "tracking" of their online browsing activities. All major internet browsers have implemented some version of a "Do Not Track"

setting. Microsoft's Internet Explorer 10 includes a "Do Not Track" setting that is selected by default. However, there is no definition of "tracking," no consensus regarding what message is conveyed by a "Do Not Track" setting and no industry standards regarding how to respond to a "Do Not Track" preference. The World Wide Web Consortium chartered a "Tracking Protection Working Group" in 2011 to convene a multi-stakeholder group of academics, thought leaders, companies, industry groups and consumer advocacy organizations, to create a voluntary "Do Not Track" standard for the web. The group has yet to agree upon a standard. The "Do-Not-Track Online Act of 2013" was introduced in the United States Senate in February 2013. If a "Do Not Track" browser setting is adopted by many internet users, and the standard either imposed by legislation or agreed upon by standard setting groups, prohibits GLN from using non-personal information as it currently does, then that could hinder growth of advertising and content production on the web generally, cause GLN to change its business practices and adversely affect its business.

### ***Legislation and Regulation***

Government regulation may increase the costs of doing business online. The Canadian and certain foreign governments have enacted or are considering legislation related to online advertising and management of GLN expects to see an increase in legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for GLN's offerings or otherwise harm its business, results of operations and financial condition. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information. The Personal Information Protection and Electronic Documents Act and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. Currently, GLN collects and stores IP addresses. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if there is a data breach, there is a potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information, within the Canada, the United States and elsewhere, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may cause GLN to, in the future, change business practices, or limit or inhibit GLN's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

In addition, while GLN takes steps to avoid collecting personally identifiable data about consumers (other than IP addresses), it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. GLN's failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against GLN, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the Company's reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even the perception of privacy concerns, whether or not valid, may harm GLN's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

### ***Ability to Protect GLN's Proprietary Offering***

Any failure to protect GLN's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps GLN has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to GLN's technology.

GLN may use a combination of trade secret, copyright law, nondisclosure agreements, passing-off laws, other common law intellectual property protections and technical measures to protect its proprietary technology. GLN has

generally entered into confidentiality agreements with and obtains assignments of intellectual property and waivers of moral rights from its employees and contractors and has worked to limit access to and distribution of its technology, documentation and other proprietary information. However, the steps taken may not be adequate to deter misappropriation or independent third-party development of GLN's technology. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. If GLN resorts to legal proceedings to enforce its intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk to GLN's proprietary rights if it is unsuccessful in such proceedings. Moreover, GLN's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that GLN may apply for or obtain in the future may not be broad enough to protect all of the technology important to its business, and its ownership of patents would not in itself prevent others from securing patents that may prevent GLN from engaging in actions necessary to its business, products, or services.

#### ***Infringement of Intellectual Property Rights***

If GLN's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, GLN may be required to reengineer its technology or seek to obtain licenses from third parties to continue offering its technology without substantial reengineering. Any such efforts may not be successful or if successful could require payments that may have a material adverse effect on profitability and financial condition. Any litigation involving infringement claims would be expensive and time-consuming, and an adverse outcome may result in payment of damages or injunctive relief that could materially and adversely affect GLN's business.

GLN does not independently verify whether it is permitted to deliver advertising to its advertisers' internet users or that the content of the advertisements it delivers is legally permitted. GLN receives representations from advertisers that the content of the advertising that GLN places on their behalf is lawful. GLN also relies on representations from its advertisers that they maintain adequate privacy policies that allow GLN to place pixels on their websites and collect valid consents from users that visit those websites to collect and use such user's information to aid in delivering GLN's product. If any of these representations are untrue and GLN's advertisers do not abide by laws governing their content or privacy practices, GLN may become subject to legal claims and exposed to potential liability and expense (for which it may or may not be indemnified), and its reputation may be damaged.

#### ***Use of Open Source Software Components***

GLN's Programmatic Marketing Platform, including its computational infrastructure, relies on software licensed to it by third-party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that GLN make available source code for modifications or derivative works GLN creates based upon the type of open source software GLN uses. If GLN combines its proprietary software with open source software in a certain manner, GLN could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow GLN's competitors to create similar solutions with lower development effort and time and ultimately put GLN at a competitive disadvantage.

Although GLN monitors its use of open source software to avoid subjecting its products to conditions it does not intend, the terms of many open source licenses have not been interpreted by Canadian courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on GLN's ability to commercialize its services. Moreover, GLN cannot guarantee that its processes for controlling its use of open source software will be effective. If GLN is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating its platform on terms that are not economically feasible, to re-engineer its platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of its proprietary code, any of which could adversely affect GLN business, operating results and financial condition.

#### ***Unanticipated Problems Associated with the Programmatic Marketing Platform***

GLN depends upon the sustained and uninterrupted performance of its platform to operate a number of campaigns at any given time; manage its inventory supply; bid on inventory for each campaign; serve or direct a third party to

serve advertising; collect, process and interpret data; and optimize campaign performance in real time and provide billing information. Because GLN's technology is complex, undetected errors and failures may occur, especially when new versions or updates are made. GLN's Programmatic Marketing Platform may contain undetected errors or "bugs", which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite GLN's plans for quality control and testing measures, its Programmatic Marketing Platform, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, GLN may be required or choose to expend additional resources to help mitigate any problems resulting from errors in its technology. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against GLN by its customers and other parties.

### ***Social Media***

GLN's social media offering is currently limited to Facebook's FBX platform and the Facebook native platform. GLN has an agreement with Facebook allowing it to integrate directly with FBX to bid on advertising inventory on a real-time basis. As a result, GLN's ability to grow its revenue in the social channel is closely tied to the availability of inventory on FBX. If GLN is unable to compete favourably for advertising inventory on FBX, its social media offering may not be successful. Also, there is no guarantee that Facebook will continue to make its advertising inventory available to GLN at all or upon reasonable terms, and GLN may not be able to replace the FBX advertising inventory with inventory that meets its advertisers' specific goals with respect to social media. In addition, advertisers may prefer to work with companies that provide advertising on social media platforms other than FBX or that have a longer history of integration with social media platforms. If GLN is unable to run advertising campaigns on the FBX platform, integrate with social media platforms that may become available in the future or find alternative sources of quality social media inventory, its business could be harmed.

### ***Mobile Advertising***

GLN's success in the mobile advertising channel depends upon the ability of its Programmatic Marketing Platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom GLN does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on mobile devices. If GLN's platform is unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wished to impair GLN's ability to provide advertisements on them or GLN's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, GLN's ability to generate revenue could be significantly harmed.

### ***Obsolescence***

GLN's business is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies, the emergence of new industry standards, or improvements to existing technologies could render GLN's platform obsolete or relatively less competitive. GLN's future success will depend upon its ability to continue to develop and expand its Programmatic Marketing Platform and to address the increasingly sophisticated needs of its customers. GLN may experience delays in releasing new offerings or enhancements in the future. Material delays in introducing new offerings or enhancements may cause customers to forego purchases of GLN's offering to purchase offerings of competitors instead.

### ***Catastrophic Events***

GLN maintains servers at co-location facilities in the US that it uses to deliver advertising campaigns for its advertisers. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for GLN to operate its business for some period



of time. One co-location facility where GLN maintains data used in its business operations is located in the Greater Los Angeles Area, a region known for seismic activity. If GLN were to lose the data stored in its California co-location facility, it could take several days, if not weeks, to recreate this data from multiple sources, which could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in GLN's operations could negatively impact its business and results of operations, and harm its reputation. In addition, GLN may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on GLN's business, financial condition and results of operations.

#### ***Economic, Political and Market Conditions***

GLN's business depends on the overall demand for advertising and on the economic health of its current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about continued economic recovery are likely to affect GLN's business prospects. This uncertainty may cause general business conditions in the United States and elsewhere to deteriorate or become volatile, which could cause advertisers to delay, decrease or cancel purchases of GLN's offering; and expose GLN to increased credit risk on advertiser orders, which, in turn, could negatively impact its business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

#### **Risks Related to the Common Shares**

##### ***Market for Common Shares***

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Technology stocks have historically experienced high levels of volatility and GLN cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include (i) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by GLN or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular; (iv) fluctuations in the trading volume of the Common Shares or the size of GLN's public float; (v) actual or anticipated changes or fluctuations in GLN's results of operations; (vi) whether GLN's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving GLN, its industry, or both; (ix) regulatory developments in the Canada, the United States, and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on GLN from any of the other risks cited herein.

##### ***Significant Sales of Common Shares***

Although the Company's Common Shares are freely tradable, the Common Shares held by GLN's directors and executive officers will be subject to escrow pursuant to the policies of the Exchange. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favourable time and price.

##### ***Analyst Coverage***

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about GLN or its business. GLN will not have any control over these analysts. If one or more of the analysts who covers GLN should downgrade the Common Shares or change their opinion of GLN's business prospects, GLN's share price would likely decline. If one or more of these analysts ceases coverage of GLN or fails to regularly publish reports on GLN, GLN could lose visibility in the financial markets, which could cause GLN's share price or trading volume to decline.

***Tax Issues***

There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

***Fraud***

GLN operates as a technology and services provider in a dynamic eco-system where fraud exists. Typical forms of fraud include robotic traffic, where robots mimic the behavior of users in order to inflate the number of impressions, clicks, post clicks actions or other metrics associated with the ad; ads that have no potential to be viewed by a human; and activities designed to trick mechanisms for user data collection or attribution models. GLN employs reasonable measures to detect and eliminate fraud to the best of its ability. However, despite its efforts, GLN is not in the fraud detection business and there are no guarantees as to the degree to which fraud can be minimized.

***Publisher Protection***

GLN offers managed media campaign services and licenses its technology to third parties who use it to carry out media buys. Despite GLN's efforts to protect its suppliers from unwanted buying activities and ads, misuse of the system by advertising parties cannot be ruled out.

***Ad Blockers***

Ad blockers represent an increased risk to the online advertising industry as a whole, as their use has lately risen. Ad blockers prevent ads from being displayed and can interfere with the collection and transmission of data required for the normal operation of the online advertising ecosystem, including user data, measurement and attribution. The industry is taking steps to combat ad blocking and tools have been created to detect ad blockers for use by publishers. These tools allow publishers who rely on ad revenue to withhold content from users with ad blockers. Additionally, in order to discourage the use of ad blockers, the industry is initiating a shift towards ads that are less disruptive to the user experience. Nevertheless, there are no guarantees that these measures will be sufficient to eliminate all ad blocking activities and that GLN will not experience loss of potential revenue as a result of ad blocking.

**APPENDIX "F"**  
**EXITO ANNUAL FINANCIAL STATEMENTS**



**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Financial Statements**

December 31, 2015 and December 31, 2014





April 26, 2016

## **Independent Auditor's Report**

### **To the Shareholders of Exito Energy II Inc.**

We have audited the accompanying financial statements of Exito Energy II Inc., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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*PricewaterhouseCoopers LLP*  
111 5<sup>th</sup> Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825, [www.pwc.com/ca](http://www.pwc.com/ca)

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Exito Energy II Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

## Management's Responsibility

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To the Shareholders of Exito II Energy Inc. (the "Corporation"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving financial information. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 26, 2016



Bradley Docherty, President and CEO

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**Exitto Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statements of Financial Position**

In Canadian Dollars	December 31, 2015 \$	December 31, 2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 6)	547,625	586,589
Accounts receivable	2,037	10,314
<b>Total assets</b>	<b>549,662</b>	<b>596,903</b>
 <b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 13)	40,067	47,704
<b>Total liabilities</b>	<b>40,067</b>	<b>47,704</b>
 <b>Shareholders' Equity</b>		
Share capital (note 7)	605,906	605,906
Contributed surplus (note 7)	120,472	106,070
Deficit	(216,783)	(162,777)
<b>Total shareholders' equity</b>	<b>509,595</b>	<b>549,199</b>
<b>Total liabilities and shareholders' equity</b>	<b>549,662</b>	<b>596,903</b>

*Subsequent event (note 14)*

\_\_\_\_\_  
*"Brad Docherty" (signed)*

**Director**

\_\_\_\_\_  
*"Eli Abergel" (signed)*

**Director**



**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statements of Comprehensive Loss**

In Canadian dollars	For the year ended December 31, 2015 \$	For the year ended December 31, 2014 \$
<b>Expenses</b>		
Business acquisition <i>(note 13)</i>	-	36,561
Office rent and supplies <i>(note 13)</i>	21,083	18,864
Professional fees <i>(note 13)</i>	17,530	6,173
Filing fee	5,700	5,200
Share-based compensation <i>(note 8)</i>	14,402	-
	<u>58,715</u>	<u>66,798</u>
<b>Finance income – interest income</b>	(4,709)	(7,464)
<b>Total comprehensive loss</b>	<u>54,006</u>	<u>59,334</u>
<b>Loss per share <i>(note 9)</i></b>	0.01	0.01

The accompanying notes are an integral part of these financial statements

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statement of Changes in Shareholders' Equity**

In Canadian Dollars	Number of shares	Deficit \$	Share Capital \$	Contributed Surplus \$	Total Equity \$
<b>Balance at December 31, 2013</b>	10,000,000	(103,443)	605,906	106,070	608,533
Total comprehensive loss	-	(59,334)	-	-	(59,334)
<b>Balance at December 31, 2014</b>	10,000,000	(162,777)	605,906	106,070	549,199
Share-based payments ( <i>note 8</i> )	-	-	-	14,402	14,402
Total comprehensive loss	-	(54,006)	-	-	(54,006)
<b>Balance at December 31, 2015</b>	10,000,000	(216,783)	605,906	120,472	509,595

The accompanying notes are an integral part of these financial statements

**Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)**  
**Statements of Cash Flows**

In Canadian Dollars	For the year ended December 31, 2015	For the year ended December 31, 2014
	\$	\$
<b>Cash flows related to the following activities</b>		
<b>Operating activities</b>		
Net loss for the year	(54,006)	(59,334)
Share-based compensation	14,402	-
	(39,604)	(59,334)
<b>Net change in non-cash working capital relating to operating activities</b>		
Accounts receivable	8,277	(5,952)
Accounts payable and accrued liabilities	(7,637)	38,097
Cash used in operating activities	(38,964)	(27,189)
Increase/(decrease) in cash and cash equivalents	(38,964)	(27,189)
Cash and cash equivalents, beginning of year	586,589	613,778
Cash and cash equivalents, end of year	547,625	586,589
Supplemental cash flow information:		
Interest received	5,649	6,790

The accompanying notes are an integral part of these financial statements



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

### 1. Incorporation and operations

Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.) (the "Corporation") was incorporated under the laws of the Province of Alberta on November 11, 2010 and is based in Calgary, Alberta. The Corporation is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") and is listed on the Exchange under the symbol "EXI.P", having commenced trading on May 8, 2013. The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The purpose of such an acquisition will be to satisfy the related conditions of a qualifying transaction under the Exchange rules within two years of becoming a CPC (May 8, 2015). The address of the head office of the Corporation is 1350, 734 – 7<sup>th</sup> Ave S.W. Calgary, Alberta.

The financial statements of the Corporation for the year ended December 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors on April 26, 2016.

In order to complete an acquisition or participate in an operation, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to complete a qualifying transaction.

The Corporation entered into a letter of intent with Millennium Stimulation Services Ltd. ("Millennium") dated November 13, 2014 (the "Letter Agreement"), pursuant to which the Corporation intends to acquire all of the issued and outstanding common shares of Millennium (the "Millennium Shares"), to be effected by way of an amalgamation pursuant to the *Business Corporations Act* (Alberta). Following various amendments, the Letter Agreement was valid until February 13, 2016 (see "Note 14 Subsequent Event") and the business combination was subject to approval of the Exchange. On February 16, 2016, the Corporation received an extension to its deadline to complete a qualifying transaction (see "Note 14 Subsequent event").

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may de-list the Corporation's shares from trading. In May 2015, the shares of the Corporation were suspended from trading on the Exchange.

### 2. Basis of preparation

#### Statement of compliance

The financial statements for the year ended December 31, 2015 and December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these annual financial statements have been prepared in accordance with IFRS issued and outstanding as of the date the financial statements were authorized by the Board of Directors.

#### Basis of preparation

These financial statements have been prepared using historical costs and fair values of certain items, as detailed in the accounting policies set out in Note 3 below. These policies have been applied consistently to all periods presented in these financial statements.

#### Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### Financial instruments

The Corporation's financial instruments consist of the following:

##### i. Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

##### ii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, term deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

##### iii. Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Corporation's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

##### iv. Other Financial liabilities at amortized cost

Other financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less any required discount to reduce the payables to fair value. Subsequently, other financial liabilities are measured at amortized cost using the effective interest rate method, less any impairment loss.

##### v. Loans and receivables

Loans and receivables, are measured at amortized cost using the effective interest method, less any impairment loss. Loans and receivables include accounts receivable and cash and cash equivalents.

#### Share-based payments

The Corporation issues equity-settled share-based payments for services it receives from directors, officers, employees and consultants in consideration for equity instruments of the Corporation.

Where equity-settled share options are granted to employees, directors or officers the fair value of the options at the date of the grant is charged to the statement of comprehensive loss. The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. No expense is recognized for awards that do not ultimately vest.

Where equity-settled share options are granted to non-employees they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares.



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014  
In Canadian Dollars

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Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes pricing model.

All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is reclassified to share capital.

### Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

### Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment in respect of previous periods.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### Basic and diluted loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares applying the treasury stock method.

## 4. Future accounting pronouncements

The following standards and amendments have not been adopted as they apply to future periods and may result in future changes to existing accounting policies and disclosures. The adoption of these amendments is not expected to have a material impact on the Corporation's financial statements.

- i. IFRS 9, *Financial Instruments* - The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of the standard.
- ii. IFRS 15, *Revenue from Contracts with Customers* - The new standard was issued in May 2013 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard provides clarification

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

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for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurements retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation is in the process of assessing the impact of this new standard.

### 5. Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

#### Financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks.

#### Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred income tax assets are recognized to the extent it is more likely than not to be realized.

#### Share based payments

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, risk-free interest rates and other assumptions. By their nature these estimates are subject to uncertainty and the effect from changes in such estimates in future years could be material.

### 6. Cash and cash equivalents

The proceeds raised from the issue of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that the lessor of up to 30% of the gross proceeds or \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

### 7. Share capital

#### Authorized

The Corporation has authorized an unlimited number of voting common shares and an unlimited number of preferred shares at no par value.

#### Issued and outstanding common shares

	Number of Shares	Amount \$
At December 31, 2013	10,000,000	605,906
As at December 31, 2014	10,000,000	605,906
As at December 31, 2015	10,000,000	605,906

- (1) On January 16, 2013, the Corporation issued 5,000,000 shares to third parties and Directors of the Corporation at a price of \$0.05 per share for gross proceeds of \$250,000. Upon closing of the IPO these shares were deposited into escrow and will be released from escrow over a period of up to three years from the date that the Corporation completes a qualifying transaction. If the issuer resulting from the completion of a qualifying transaction meets the Exchange's Tier 1 initial listing requirements then the period for which these shares will be escrowed will be shortened to 18 months from the date of closing of the qualifying transaction. If the corporation fails to complete a qualifying transaction within 24 months of the closing of the IPO then all escrowed shares held by non-arm's length parties may be cancelled or discounted to create an average purchase price for these escrowed shares equal to the IPO subscription price per share.
- (2) On May 7, 2013 the Corporation closed an initial public offering ("IPO") of 5,000,000 common shares at \$0.10 per share for gross proceeds of \$500,000. Share issue costs of \$105,138 were paid related to the initial public offering. The fair value of the agent options granted as a result of the initial public offering (Note 7), of \$26,308 were recorded as share issue costs.

#### Contributed surplus

	Amount \$
At December 31, 2013	106,070
As at December 31, 2014	106,070
Share-based compensation expense	14,402
As at December 31, 2015	120,472

### 8. Share-based Payments

The Corporation has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and employees of the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

Vesting terms will be determined at the time of grant by the Board of Directors.

A summary of the stock option plan transactions since the Corporation's inception are as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2013	1,000,000	\$ 0.10
Outstanding at December 31, 2014	1,000,000	\$ 0.10
Outstanding at December 31, 2015	1,000,000	\$ 0.10

All options outstanding were issued on May 13, 2013, vested upon issuance and have a weighted average remaining contractual life of 2.4 years.

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Grant date share price	\$0.10
Exercise price	\$0.10
Expected volatility	100%
Forfeitures	0%
Risk-free interest rate	1.57%
Fair value at grant date	\$0.05

The Corporation's stock has less than two years of trading history; therefore the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

During the year ended December 31, 2015 the Corporation recorded share-based compensation expense for options granted of \$ nil (\$nil December 31, 2014).

### Agent compensation options

The Corporation issued agent options as compensation to agents to purchase common shares in conjunction with the IPO.

A summary of agent option transactions are as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2013	500,000	\$ 0.10
Outstanding at December 31, 2014	500,000	0.10
Expired	(500,000)	0.10
Options granted to agent	500,000	0.10
Outstanding at December 31, 2015	500,000	\$ 0.10

As of July 14, 2015, the Exchange consented to the extension in the expiry date of the agents' options. However, since the previous options had expired the Corporation issued new options with the original terms, other than the expiry date. The new expiry date is the earliest of: delisting of the Corporation's shares, transfer to NEX Exchange (a separate board of the Exchange) upon failing to complete a qualifying transaction within the time frame prescribed by the Exchange or issuance of the final bulletin for acceptance of a qualifying transaction. Management



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

estimated the expiry date to be February 16, 2016, the issuance of the final bulletin for acceptance of a qualifying transaction. The exercise price remains at \$0.10 per common share.

All options outstanding were issued on July 14, 2015, vested upon issuance and have a weighted average remaining contractual life of 0.1 years.

The fair value of each share-based transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Grant date share price	\$0.10
Exercise price	\$0.10
Expected volatility	96%
Forfeitures	0%
Risk-free interest rate	.6%
Fair value at grant date	\$0.0288

The Corporation's stock has limited trading history; therefore the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

During the year ended December 31, 2015 the Corporation recorded share-based compensation expense for options granted of \$14,402 (\$nil December 31, 2014).

### 9. Loss per share

	For the Year ended December 31, 2015	For the year ended December 31, 2014
Weighted average common shares outstanding	10,000,000	10,000,000
Diluted common shares outstanding	10,000,000	10,000,000

The basic and diluted loss per share amounts are the same, as the stock options and agent options were excluded from the dilution calculation, as they were anti-dilutive.

# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

### 10. Income Taxes

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rates of 26.0% (2014 – 25.0%). The increase in the statutory tax rate is due to an increase in the general corporate income tax rate in Alberta from 10% to 12% substantially enacted on June 18, 2015:

	For the year ended December 31, 2015	For the year ended December 31, 2014
	\$	\$
Loss for the period before tax	54,006	59,334
Statutory tax rate	26.0%	25.0%
Expected income tax recovery	14,042	14,834
Permanent differences:		
Share-based compensation	(3,745)	-
Change in enacted rate	4,512	-
Change in unrecognized temporary difference	(14,809)	(14,834)
Income tax expense	-	-

The tax benefits of the following temporary differences have not been recognized for accounting purposes.

	December 31, 2015	December 31, 2014
<b>As at</b>	<b>\$</b>	<b>\$</b>
Share issue costs	12,721	17,668
Loss carry forwards	53,539	33,783
	66,260	51,451

As at December 31, 2015 the Corporation has a non-capital loss carry-forward of \$198,292 available to reduce future years' income for tax purposes. This non-capital loss carry-forward has not been recognized in the financial statements and will begin to expire in 2031.

### 11. Financial instruments and risk management

#### Fair value of financial instruments

As at December 31, 2015, the Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their short-term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

## Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

The Corporation has no financial instruments recorded at fair value through profit and loss.

### Risk management

The Corporation is exposed in varying degrees to a variety of financial instrument related risk.

- Credit risk - Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. Credit risk primarily arises from the Corporation's cash and receivables. The risk exposure is limited to their carrying amounts at the statement of financial position date.
- Liquidity risk - Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations and commitments as they become due. The Corporation manages liquidity through the management of its capital structure, as outlined in note 12 of the annual financial statements for the year ended December 31, 2014. The Corporation's liquidity risk arises as a result of its accounts payable and accrued liabilities.
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The effect of interest rates increasing by 1%, with all other variables held constant, would have caused the corporation comprehensive loss to decrease by \$5,048.
- Currency risk - The Corporation does not have any material exposures to financial instruments denominated in currencies other than the Canadian dollar.

### 12. Capital disclosures

The Corporation's capital as at December 31, 2015 consists of \$547,625 (December 31, 2014 - \$586,589) cash and cash equivalents and \$605,906 (December 31, 2014 - \$605,906) share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is restricted to spending \$210,000 of its capital on corporate costs that do not relate to pursuing a Qualifying Transaction, such as general and administrative expenses relating to being listed on the Exchange and issuing shares. As of December 31, 2015, Exito has spent \$134,068 (2014 -\$94,463) that fall within this spending restriction.

### 13. Related party transactions

Pursuant to an Administration Services Agreement, Exito pays \$1,429 per month to a corporation wholly owned by two directors of the Corporation for the use of office space, reception and boardrooms, equipment (including computers, telephones, vehicles, etc.), printing and all other necessary administrative functions and services required to permit Exito to review and evaluate potential Qualifying Transactions. During the year ended December 31, 2015, \$17,143 (\$17,143 – year ended December 31, 2014) was paid in accordance with this arrangement. There was \$nil in accounts payable and accrued liabilities at December 31, 2015 and 2014.

During the year ended December 31, 2015 \$nil (\$1,900 – year ended December 31, 2014) in professional fees were incurred from a partnership, for accounting services relating to the preparation of financial statements, in which a Director of the Corporation has family relationships. It was determined in the fourth quarter of 2014 that these fees were not in compliance with the Exchange policies relating to Capital Pool Companies, so no additional transactions occurred in 2015 with this party. As at December 31, 2015 there was \$nil (\$nil – December 31, 2014)

## Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.)

### Notes to the Financial Statements

For the years ended December 31, 2015 and December 31, 2014

In Canadian Dollars

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in accounts payable and in accounts receivable and as at December 31, 2015 there was \$nil (\$7,665 – December 31, 2014) in accounts receivable relating to this arrangement.

During the year ended December 31, 2015, \$295 (\$39,234 - December 31, 2014) in legal fees and disbursements were incurred and was paid to a law firm, for legal services, in which a Director of the Corporation is a Partner. In the current year \$295 (\$2,673 – December 31, 2014) of the legal fees were recorded as professional fees, and \$nil (\$36,561 – December 31, 2014) were recorded in Business Acquisition for the due diligence process associated with the proposed qualifying transaction with Millennium. There was \$31,208 in accounts payable and accrued liabilities at December 31, 2015 (\$38,789 at December 31, 2014) for these professional fees.

#### 14. Subsequent event

On February 16, 2016, the Corporation's deadline for completing a qualifying transaction was extended by the TSXV until May 13, 2016. If a qualifying transaction is not completed by this date the Corporation may be de-listed and/or transferred to the NEX Exchange.

On March 29, 2016, the Corporation entered a non-binding term sheet (the "Term Sheet") with MagneticNorth Partners, Inc. ("Magnetic"). The Term Sheet contemplates the acquisition of all of the issued and outstanding common shares of Magnetic by the Corporation as well as various changes to the Corporation's management team and board of directors. The transaction contemplated by the Term Sheet remains subject to numerous conditions, including but not limited to: (i) a more formal letter of intent and a definitive agreement being entered between the Corporation and Magnetic; (ii) approval of the Corporation's shareholders; and (iii) approval of the TSXV.

On April 13, 2016, the Letter Agreement with Millennium expired.

**APPENDIX "G"**  
**EXITO INTERIM FINANCIAL STATEMENTS**

**Exito Energy II Inc.**  
**Condensed Interim Financial Statements**  
September 30, 2016  
(Unaudited)

**Exitto Energy II Inc.**  
**Condensed Interim Statements of Financial Position (Unaudited)**

In Canadian Dollars	September 30, 2016 \$	December 31, 2015 \$
	(Restated -Note 3)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents <i>(note 5)</i>	515,467	547,625
Accounts receivable	1,716	2,037
<b>Total assets</b>	517,183	549,662
 <b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(note 12)</i>	61,316	40,067
<b>Total liabilities</b>	61,316	40,067
 <b>Shareholders' Equity</b>		
Share capital <i>(note 6)</i>	605,906	605,906
Contributed surplus <i>(note 6)</i>	120,472	120,472
Accumulated deficit	(270,511)	(216,783)
<b>Total shareholders' equity</b>	455,867	509,595
<b>Total liabilities and shareholders' equity</b>	517,183	549,662

*Subsequent events (note 1)*

**Exito Energy II Inc.**  
**Condensed Interim Statements of Comprehensive Loss (Unaudited)**

In Canadian Dollars	Three months ended September 30,		Nine months ended September 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
	<b>(Restated -Note 3)</b>		<b>(Restated -Note 3)</b>	
<b>Expenses</b>				
Business acquisition <i>(note 12)</i>	19,215	-	24,221	-
Professional fees <i>(note 12)</i>	3,075	4,750	10,365	14,160
Office rent and supplies <i>(note 12)</i>	4,293	7,009	15,770	16,440
Filing fee	-	-	6,799	5,700
Share-based payments <i>(note 7)</i>	-	14,402	-	14,402
	26,583	26,161	57,155	50,702
<b>Finance income – interest income</b>	(1,165)	(1,264)	(3,427)	(3,478)
<b>Net loss and comprehensive loss</b>	25,418	24,897	53,728	47,224
<b>Loss per share <i>(note 8)</i></b>	0.00	0.00	0.01	0.00

**Exito Energy II Inc.**

**Condensed Interim Statements of Changes in Shareholders' Equity (Unaudited)**

In Canadian Dollars	Number of shares	Accumulated Deficit \$	Share Capital \$	Contributed Surplus \$	Total Equity \$
<b>Balance at December 31, 2014</b>	10,000,000	(162,777)	605,906	106,070	549,199
Net loss and comprehensive loss	-	(47,224)	-	-	(47,224)
Share-based payments <i>(note 7)</i>	-	-	-	14,402	14,402
<b>Balance at September 30, 2015</b>	10,000,000	(210,001)	605,906	120,472	516,377
<b>Balance at December 31, 2015</b>	10,000,000	(216,783)	605,906	120,472	509,595
Net loss and comprehensive loss	-	(53,728)	-	-	(53,728)
Share-based payments <i>(note 7)</i>	-	-	-	-	-
<b>Balance at September 30, 2016 (Restated –note 3)</b>	10,000,000	(270,511)	605,906	120,472	455,867

The accompanying notes are an integral part of these condensed interim financial statements



**Exito Energy II Inc.**  
**Condensed Interim Statements of Cash Flows (Unaudited)**

In Canadian Dollars	Three months ended September 30,		Nine months ended September 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
	(Restated - Note 3)		(Restated - Note 3)	
<b>Cash flows related to the following activities</b>				
<b>Operating activities</b>				
Net loss for the period	(25,418)	(24,897)	(53,728)	(47,224)
Share-based payments	-	14,402	-	14,402
	(25,418)	(10,495)	(53,728)	(32,822)
Net change in non-cash working capital relating to operating activities				
Accounts receivable	(277)	(477)	321	6,846
Accounts payable and accrued liabilities	19,859	3,208	21,249	(7,418)
Cash used in operating activities	(5,836)	(7,764)	(32,158)	(33,394)
<b>Decrease in cash and cash equivalents</b>	(5,836)	(7,764)	(32,158)	(33,394)
<b>Cash and cash equivalents, beginning of period</b>	521,303	560,959	547,625	586,589
<b>Cash and cash equivalents, end of period</b>	515,467	553,195	515,467	553,195
Supplemental cash flow information:				
Interest received	1,165	1,264	3,426	4,418

# Exito Energy II Inc.

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016 and 2015  
In Canadian Dollars

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### 1. Incorporation and operations

Exito Energy II Inc. (formerly Capitalize Acquisition I Corp.) (the "Corporation") was incorporated under the laws of the Province of Alberta on November 11, 2010 and is based in Calgary, Alberta. The Corporation is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") and is listed on the TSXV under the symbol "EXI.P", having commenced trading on May 8, 2013. The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The purpose of such an acquisition will be to satisfy the related conditions of a qualifying transaction under the TSXV rules within two years of becoming a CPC (May 8, 2015). The address of the head office of the Corporation is 1110, 335 – 8<sup>th</sup> Ave S.W. Calgary, Alberta.

The condensed interim financial statements of the Corporation for the three and nine months ended September 30, 2016 were authorized for issue in accordance with a resolution of the Board of Directors on April 25, 2017.

In order to complete an acquisition or participate in an operation, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to complete a qualifying transaction.

The Corporation entered into a letter of intent with Millennium Stimulation Services Ltd. ("Millennium") dated November 13, 2014, pursuant to which the Corporation intended to acquire all of the issued and outstanding common shares of Millennium (the "Millennium Shares"), to be effected by way of an amalgamation pursuant to the *Business Corporations Act* (Alberta). This agreement expired on April 13, 2016.

On February 16, 2016, the Corporation's deadline for completing a qualifying transaction was extended by the TSXV until May 13, 2016. The TSXV continues to provide the Corporation with time to complete a qualifying transaction, however it is anticipated that if the GLN Transaction (defined below) does not close then the Corporation's shares will be transferred to the NEX Exchange (a separate board of the TSXV).

On March 29, 2016, the Corporation entered a non-binding term sheet (the "Term Sheet") with MagneticNorth Partners, Inc. ("Magnetic"). The Term Sheet contemplated the acquisition of all of the issued and outstanding common shares of Magnetic by the Corporation as well as various changes to the Corporation's management team and board of directors. On June 3, 2016, the Corporation signed a non-binding letter of intent (the "LOI") with the principals of Magnetic, namely Andrew Osis and Kevin Spall (the "Vendors"), to acquire all of the Vendors' interests in various private equity investments, to have the Vendors become the management of the Corporation and to change the Corporation's name to MagneticNorth Partners Corp. The transaction contemplated with the Vendors did not proceed as the Corporation elected to enter into the GLN Transaction (defined below).

The Corporation signed an arrangement agreement dated October 7, 2016, an amended and restated arrangement agreement dated January 31, 2017 and an amendment to the amended and restated arrangement agreement dated effective March 31, 2017 and executed on April 25, 2017, with Good Life Networks Inc. ("GLN"), a Vancouver-based, digital media company, with respect to a proposed business combination (the "GLN Transaction"). The GLN Transaction will be structured as a share exchange by way of plan of arrangement. Pursuant to the terms of the GLN Transaction, the Corporation will complete a consolidation of its common shares on the basis of one post-consolidation share for every two pre-consolidation shares. Holders of GLN common shares will receive 0.2601 of a post-consolidation common share of the Corporation. The GLN Transaction is conditional on GLN completing a non-brokered private placement of subscription receipts at a price of not less than \$0.25 per subscription receipt to raise gross proceeds of not less than \$3,500,000. In conjunction with entering the GLN Transaction, the Corporation made a \$25,000 unsecured loan to GLN. The date set for the meeting of shareholders to vote on the GLN Transaction is May 26, 2017 and the outside date for completion of the GLN Transaction is July 31, 2017.

On October 19, 2016, 2,000,000 escrowed seed shares of the Corporation held by non-arm's length parties were cancelled as a result of the Corporation's failure to complete a Qualifying Transaction within the time period prescribed by the TSXV. As a result, the Corporation now has 8,000,000 common shares issued and outstanding, 3,000,000 of which are subject to TSXV escrow conditions.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the TSXV may de-list the Corporation's shares from trading. In May 2015, the shares of the Corporation were suspended from trading on the TSXV.

**Exito Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015  
 In Canadian Dollars*

**2. Basis of preparation**

**Statement of compliance**

These condensed interim financial statements have been prepared using accounting policies consistent with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued and outstanding as of April 25, 2017, being the date the Board of Directors approved the condensed interim financial statements. These condensed interim financial statements do not include all of the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2015.

**Basis of preparation**

These condensed interim financial statements have been prepared using historical costs and fair values of certain items, as detailed in the accounting policies set out in Note 3 below. These policies have been applied consistently to all periods presented in these condensed interim financial statements.

**Use of estimates and judgments**

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the condensed interim financial statements are disclosed in note 5 of the December 31, 2015 annual financial statements.

**Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

**3. Restatement of Previously issued condensed interim financial statements**

Subsequent to filing of the September 30, 2016 condensed interim financial statements, the Corporation identified errors related to its previously issued condensed interim financial statements for the three and nine month periods ended September 30, 2016. In those previously issued financial statements, the Corporation did not accrue for legal services being provided as part of completing a qualifying transaction during the three and nine month periods ended September 30, 2016. The Corporation also determined that, as there was no actual modification to the terms of the agent options issued during the year ended December 31, 2015, no share-based payments expense should have been recognized during the three and nine month periods ended September 30, 2016.

The effect of the restatement is detailed as follows:

	<b>September 30, 2016</b> <b>As previously reported</b>	<b>Restatement</b>	<b>September 30, 2016</b> <b>As restated</b>
	\$	\$	\$
<b>Statement of Financial Position</b>			
Accounts payable and accrued liabilities	37,095	24,221	61,316
Contributed surplus	126,355	(5,883)	120,472
Deficit	(252,173)	(18,338)	(270,511)

**Exito Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015*

*In Canadian Dollars*

	<b>Three months ended September 30, 2016 As previously reported \$</b>	<b>Restatement \$</b>	<b>Three months ended September 30, 2016 As restated \$</b>
Statement of Comprehensive Loss			
Business acquisition costs ( <i>note 12</i> )	-	19,215	19,215
Share-based payments ( <i>note 7</i> )	2,059	(2,059)	-
Net loss and comprehensive loss	8,262	17,156	25,418

	<b>Nine months ended September 30, 2016 As previously reported \$</b>	<b>Restatement \$</b>	<b>Nine months ended September 30, 2016 As restated \$</b>
Statement of Comprehensive Loss			
Business acquisition costs ( <i>note 12</i> )	-	24,221	24,221
Share-base payments ( <i>note 7</i> )	5,883	(5,883)	-
Net loss and comprehensive loss	35,390	18,338	53,728

Statement of Cash flows – there was no change in the cash used in operating activities and in the cash and cash equivalents at the end of the period as the restatement only affected non-cash items.

**4. Summary of significant accounting policies and changes to accounting policies**

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as described in note 3 of the Corporation's annual financial statements for the year ended December 31, 2015. The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted.

**Future Accounting Pronouncements**

There were no new or amended standards issued during the nine months ended September 30, 2016 that are applicable to the Corporation in future periods. A description of standards and interpretations that will be adopted by the Corporation in future periods can be found in the notes to the annual financial statements for the year ended December 31, 2015.

**5. Cash and cash equivalents**

The proceeds raised from the issue of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that the lessor of up to 30% of the gross proceeds or \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSXV.

**6. Share capital**

**Authorized**

The Corporation has authorized an unlimited number of voting common shares and an unlimited number of preferred shares at no par value.

**Exito Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015  
 In Canadian Dollars*

**Issued and outstanding common shares**

	<b>Number of Shares</b>	<b>Amount \$</b>
<b>At December 31, 2014</b>	10,000,000	605,906
<b>At December 31, 2015</b>	10,000,000	605,906
<b>At September 30, 2016</b>	10,000,000	605,906

- (1) On January 16, 2013, the Corporation issued 5,000,000 common shares to third parties and Directors of the Corporation at a price of \$0.05 per share for gross proceeds of \$250,000. Upon closing of the IPO these shares were deposited into escrow and will be released from escrow over a period of up to three years from the date that the Corporation completes a qualifying transaction. If the issuer resulting from the completion of a qualifying transaction meets the TSXV's Tier 1 initial listing requirements, then the period for which these shares will be escrowed will be shortened to 18 months from the date of closing of the qualifying transaction. If the corporation fails to complete a qualifying transaction within 24 months of the closing of the IPO, then all escrowed shares held by non-arm's length parties may be cancelled or discounted to create an average purchase price for these escrowed shares equal to the IPO subscription price per share.
- (2) On May 7, 2013 the Corporation closed an initial public offering ("IPO") of 5,000,000 common shares at \$0.10 per share for gross proceeds of \$500,000. Share issue costs of \$105,138 were paid related to the IPO. The fair value of the agent options granted as a result of the initial public offering (Note 7), of \$26,308 were recorded as share issue costs.

**Contributed surplus**

	<b>Amount \$</b>
At December 31, 2014	106,070
Share-based payments	14,402
As at December 31, 2015	120,472
As at September 30, 2016	120,472

**7. Share-based payments**

The Corporation has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers and employees of the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Vesting terms will be determined at the time of grant by the Board of Directors.

A summary of the stock option plan transactions since the Corporation's inception are as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding at December 31, 2014	1,000,000	\$ 0.10
Outstanding at December 31, 2015	1,000,000	\$ 0.10
Outstanding at September 30, 2016	1,000,000	\$ 0.10

All options outstanding were issued on May 13, 2013, vested upon issuance and have a weighted average remaining contractual life of 1.6 years.

**Exitto Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015*  
*In Canadian Dollars*

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Grant date share price	\$0.10
Exercise price	\$0.10
Expected volatility	100%
Forfeitures	0%
Risk-free interest rate	1.57%
Fair value at grant date	\$0.05

At the time of grant of the share-based payment transactions, the Corporation's stock had less than two years of trading history; therefore, the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

**Agent compensation options**

The Corporation issued agent options as compensation to agents to purchase common shares in conjunction with the IPO.

A summary of agent option transactions are as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2014	500,000	\$ 0.10
Expired	(500,000)	\$ 0.10
Options granted to agent	500,000	\$ 0.10
Outstanding at December 31, 2015	500,000	\$ 0.10
Outstanding September 30, 2016	500,000	\$ 0.10

As of July 14, 2015, the TSXV consented to the extension in the expiry date of the agent's options. However, since the previous options had expired the Corporation issued new options with the original terms, other than the expiry date. The new expiry date is the earlier of: delisting of the Corporation's shares, transfer to NEX Exchange upon failing to complete a qualifying transaction within the time frame prescribed by the TSXV or issuance of the final bulletin for acceptance of a qualifying transaction. Management anticipates that one of these events will occur in 2017. The exercise price remains at \$0.10 per common share.

The fair value of each share-based transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Grant date share price	\$ 0.10
Exercise price	\$ 0.10
Expected volatility	96%
Forfeitures	0%
Risk-free interest rate	.6%
Fair value at grant date	\$ 0.0288

During the period ended September 30, 2016, the Corporation recorded share-based payments expense for options granted of \$nil (\$14,402 - December 31, 2015).

**Exito Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015  
 In Canadian Dollars*

**8. Loss per share**

	Three months ended September		Nine months ended September	
	2016	30, 2015	2016	30, 2015
Weighted average common shares outstanding	10,000,000	10,000,000	10,000,000	10,000,000
Diluted common shares outstanding	10,000,000	10,000,000	10,000,000	10,000,000

The basic and diluted loss per share amounts are the same as the stock options and agent options were excluded from the dilution calculation, as they were anti-dilutive.

On October 19, 2016, 2,000,000 escrowed seed shares of the Corporation held by non-arm's length parties were cancelled as a result of the Corporation's failure to complete a Qualifying Transaction within the time period prescribed by the TSXV. As a result, the Corporation now has 8,000,000 common shares issued and outstanding, 3,000,000 of which are subject to TSXV escrow conditions.

**9. Income taxes**

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rates of 27.0% (2015 – 25.0%):

	Three months ended September		Nine months ended September	
	2016	30, 2015	2016	30, 2015
	\$	\$	\$	\$
Loss for the period before tax	25,418	24,897	53,728	50,702
Statutory tax rate	27.0%	27.0%	27.0%	27.0%
Expected income tax recovery	6,863	6,722	14,507	13,690
Permanent differences:				
Share based payments	-	(3,889)	-	(3,889)
Change in Enacted Tax Rates	-	4,116	-	4,116
Change in unrecognized temporary difference	(6,863)	(6,949)	(14,507)	(13,917)
Income tax expense	-	-	-	-

The tax benefits of the following temporary differences have not been recognized for accounting purposes.

	September 30, 2016	December 31, 2015
	\$	\$
Share issue costs	7,951	12,721
Loss carry forwards	72,816	53,539
	80,767	66,260

As at September 30, 2016, the Corporation has a non-capital loss carry-forward of \$269,688 available to reduce future years' income for tax purposes. This non-capital loss carry-forward has not been recognized in the financial statements and will begin to expire in 2031.



## 10. Financial instruments and risk management

### Fair value of financial instruments:

As at September 30, 2016, the Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their short-term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation has no financial instruments recorded at fair value through profit and loss.

### Risk management

The Corporation is exposed in varying degrees to a variety of financial instrument related risk.

- Credit risk - Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. Credit risk primarily arises from the Corporation's cash and receivables. The risk exposure is limited to their carrying amounts at the statement of financial position date.
- Liquidity risk - Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations and commitments as they become due. The Corporation manages liquidity through the management of its capital structure, as outlined in note 12 of the annual financial statements for the year ended December 31, 2015. The Corporation's liquidity risk arises because of its accounts payable and accrued liabilities.
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The effect of interest rates increasing by 0.25%, with all other variables held constant, would have caused the corporation comprehensive loss to decrease by \$1,267.
- Currency risk - The Corporation does not have any material exposures to financial instruments denominated in currencies other than the Canadian dollar.

## 11. Capital disclosures

The Corporation's capital as at September 30, 2016 consists of \$515,467 (December 31, 2015 - \$547,625) cash and cash equivalents and \$605,906 (December 31, 2015 - \$605,906) share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

**Exito Energy II Inc.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**

*For the three and nine months ended September 30, 2016 and 2015  
In Canadian Dollars*

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- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is restricted to spending \$210,000 of its capital on corporate costs that do not relate to pursuing a Qualifying Transaction, such as general and administrative expenses relating to being listed on the Exchange and issuing shares. As of September 30, 2016, Exito had spent \$163,575 (September 30, 2015 - \$127,286) that fall within this spending restriction.

## **12. Related party transactions**

Pursuant to an Administration Services Agreement, Exito pays \$1,429 per month to a corporation wholly owned by two directors of the Corporation for the use of office space, reception and boardrooms, equipment (including computers, telephones, vehicles, etc.), printing and all other necessary administrative functions and services required to permit Exito to review and evaluate potential Qualifying Transactions. During the three and nine month periods ended September 30, 2016, \$4,286 and \$12,857 (2015 - \$4,286 and 12,857) was paid in accordance with this arrangement. There was \$nil in accounts payable and accrued liabilities at September 30, 2016 (\$nil at December 31, 2015) relating to this arrangement.

During the three and nine months ended September 30, 2016, \$19,215 and \$25,161 (2015 - \$nil and \$nil) in legal fees were incurred, relating to a law firm in which a Director of the Corporation is a Partner. The legal fees incurred that were associated with the Qualifying Transactions were classified as business acquisition costs for the three and nine month periods ended September 30, 2016 and totalled \$19,215 and \$24,221, respectively (2015 - \$nil and \$nil), with the remaining fees being associated with general legal services. There was \$55,429 in accrued liabilities at September 30, 2016 (\$31,208 at December 31, 2015) related to business acquisition for GLN Transaction and the unsuccessful transaction with Millennium in 2014. There was \$nil in accounts payable at September 30, 2016 (\$nil at December 31, 2015) relating to general legal service fees.

**APPENDIX "H"**  
**EXITO ANNUAL MD&A**

**EXITO ENERGY II INC.**  
**(“Exito” or the “Corporation”)**

**MANAGEMENT DISCUSSION & ANALYSIS**

FOR THE YEARS AND THREE MONTH PERIODS  
ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

This Management Discussion & Analysis (“MD&A”) is a review of the financial results and condition of the Corporation for the years and three month periods ended December 31, 2015 and December 31, 2014, and should be read in conjunction with the audited financial statements for the same periods, including the notes to the financial statements, and the Corporation’s Prospectus dated March 28, 2013. This MD&A addresses events up to and including April 26, 2016.

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All dollar figures included therein and in this MD&A are quoted in Canadian dollars.

Additional information regarding the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

*This MD&A contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation’s control. Such assumptions, risks and uncertainties include, without limitation, those associated with, decreased value of the general stock market, stock market volatility, decreased market valuations of companies with respect to announced transactions and the final valuation thereof, volatility of commodity prices, delays resulting from an inability to obtain regulatory approvals, an inability to access sufficient capital from internal and external sources, the effect of economic conditions in North America, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, an inability to secure a suitable asset or business to qualify the Corporation for listing on the TSX Venture Exchange or the Toronto Stock Exchange beyond its listing as a Capital Pool Company. The Corporation’s actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A. Although the Corporation has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes. The Corporation undertakes to publically disclose all material changes to its forward-looking statements as soon as such changes are known.*

**Description of Business and Overall Performance**

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on November 11, 2010 as Capitalize Acquisition I Corp. On March 26, 2012, the Corporation’s name was changed to Exito Energy II Inc.

Exito is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of the TSX Venture Exchange (“TSXV”) Corporate Finance Manual. The Corporation proposes to identify and evaluate corporations, businesses and assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation in such

corporations, businesses or assets that qualifies it for listing on the TSXV beyond its CPC listing (a “Qualifying Transaction”).

On January 16, 2013, the Corporation completed a private placement of 5,000,000 common shares at a price of \$0.05 per share (the “Seed Shares”) for gross proceeds of \$250,000.

On March 28, 2013, the Corporation received a final receipt for a Capital Pool Company Prospectus (the “Prospectus”) filed with the Alberta Securities Commission and the British Columbia Securities Commission to complete its initial public offering (“IPO”) through the issuance of 5,000,000 common shares at a price of \$0.10 per share (the “IPO Shares”). Upon issuance of the final receipt the Corporation became a “reporting issuer” pursuant to applicable securities legislation in the provinces of Alberta and British Columbia. The Prospectus can be viewed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On May 7, 2013, the Corporation completed its IPO and issued the IPO Shares. Pursuant to an Agency Agreement between the Corporation and Macquarie Private Wealth Inc. (the “Agent”), the Corporation paid the Agent a commission of 10% of the gross proceeds of the IPO and a corporate finance administration fee of \$12,500 (plus GST). The Agent was also granted a non-transferable Agent’s Option to purchase 500,000 common shares at a price of \$0.10 per common share for a period of 24 months from the date that the IPO closed. Although the Agent’s Options expired during the three months ended June 30, 2015, subsequent to the end of the period the Corporation received approval from the TSXV to re-issue the Agent’s Options with a revised term. The Corporation also paid for the Agent’s legal fees incurred with respect to the IPO, which amount totalled \$12,894 (including disbursements and GST). The Agency Agreement can be viewed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On May 8, 2013, the common shares of the Corporation commenced trading on the TSXV under the symbol EXI.P.

Net proceeds to the Corporation from issuance of the Seed Shares and the IPO Shares, after payment of all associated costs and fees, was approximately \$630,000.

In addition, upon closing of the IPO, pursuant to escrow agreements entered between the Corporation, Valiant Trust Company (the “Transfer Agent”) and certain shareholders of the Corporation, 5,000,000 common shares of Exito were placed in escrow and will remain in escrow until the Corporation completes a Qualifying Transaction.

On May 13, 2013, the directors and officers of the Corporation were granted options that entitle them to purchase 1,000,000 common shares of Exito at a price of \$0.10 per common share for a period of 5 years from the date that the IPO closed.

On November 13, 2014, the Corporation entered into a letter of intent (the “Letter Agreement”) with Millennium Stimulation Services Ltd. (“Millennium”), pursuant to which the Corporation intends to acquire all of the issued and outstanding common shares of Millennium, to be effected by way of an amalgamation pursuant to the *Business Corporations Act* (Alberta). See “*Subsequent Events*”.

There is no assurance that the Corporation will complete a business transaction or asset acquisition within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation’s shares from trading.

Exito's deadline for completing a Qualifying Transaction was May 7, 2015. As a result of not completing a Qualifying Transaction prior to this deadline, trading of Exito shares has been suspended and trading will remain suspended in accordance with the TSXV's policies until such time as the TSXV lifts the suspension.

Due to ongoing challenging market conditions, the TSXV has been accepting discretionary applications for extensions to Qualifying Transaction deadlines. As at December 31, 2015, Exito's deadline for completing a Qualifying Transaction was February 13, 2016. See "*Subsequent Events*".

As at the date of this MD&A, the Corporation had no active business operations and its only significant asset was cash and cash equivalents.

### **Selected Annual Financial Information**

The following sets forth selected audited annual financial data relating to the Corporation's years ended December 31, 2015 and December 31, 2014:

	<u>Year ended December 31,</u> <u>2015</u>	<u>Year ended December 31,</u> <u>2014</u>
Total assets	\$ 549,662	\$ 596,903
Shareholders' equity	509,595	549,199
Comprehensive loss	54,006	59,334
Total revenue – interest income	4,709	7,464
General and administrative costs:		
Business acquisition	-	36,561
Office rent and supplies	21,083	18,864
Professional fees	17,530	6,173
Listing fees	5,700	5,200
Share-based compensation	14,402	-

### **Results of Operations**

As at December 31, 2015, the Corporation did not have any active operations and therefore no revenues from operations since inception except interest income. During the year ended December 31, 2015 interest income totalling \$4,709 was received (year ended December 31, 2014 - \$7,464). The activity during the year ended December 31, 2015 related to identifying and reviewing potential Qualifying Transactions.

The total comprehensive loss for the year ended December 31, 2015 was \$54,006, or \$0.01 per share, as compared to total comprehensive loss of \$59,334 for the year ended December 31, 2014, or \$0.01 per share. The loss in 2015 was primarily the result of general operating, listing expenses and share-based compensation of \$58,715 (2014 - \$66,789). General and administrative expenses during the year ended December 31, 2015 were \$44,313, compared to \$30,237 during the year ended December 31, 2014. The decrease in loss of \$5,328 in 2015 was largely the result of there not being business acquisition costs, but was offset by higher audit fees, listing fees, share-based compensation and a decrease in interest income.

## Expenses

During the year ended December 31, 2015, the following costs were incurred by the Corporation:

- Office, rent and supplies expense of \$21,083 (2014 - \$18,864), including certain fees paid to a corporation owned by non-arm's length parties to the Corporation; see "*Transactions with Related Parties*";
- Professional fees of \$17,530 (2014 - 6,173), including audit/accounting and legal fees paid to firms with non-arm's length parties to the Corporation; see "*Transactions with Related Parties*". The increase in professional fees related to higher actual audit fees for 2014 than what was accrued for and the accrual of the 2015 audit fees. In addition, in 2014 the Corporation had to reverse prior year accounting fees of \$7,300 associated with a related party that were not in compliance with the TSXV policies relating to Capital Pool Companies;
- Filing fees of \$5,700 (2014 - \$5,200), relating to the Corporation's annual TSXV listing fee. The increase was associated with filing an application with the TSXV for a Qualifying Transaction deadline extension; and
- Share-based compensation of \$14,402 (2014 - \$nil), relating to the re-issued Agent's Options.

As at the date of this MD&A, the Corporation's only operations consist of identifying and reviewing potential Qualifying Transactions, thus expenses of the Corporation will vary from period to period depending on the availability of opportunities and the timing of ongoing fees associated with maintaining its status as a CPC. The Corporation incurs periodic charges relating to its public listing and evaluation of potential Qualifying Transactions, including for preparation of tax documents, dissemination of news releases, fees for its ongoing TSXV listing, holding of its Shareholder Meeting and conducting due diligence on projects.

## Income Taxes

As at December 31, 2015, Exito had approximately \$66,260 in tax pools comprised of \$53,539 in non-capital losses and \$12,721 in share issue costs. The Corporation's non-capital losses will begin to expire in 2031.

## Summary of Quarterly Results

The following compares the Corporation's results for the three month periods ended December 31, 2015 and 2014:

	<u>Three Months Ended</u> <u>December 31, 2015</u>	<u>Three Months Ended</u> <u>December 31, 2014</u>
Total assets	\$ 549,662	\$ 596,903
Shareholders' equity	509,595	549,199
Net loss (income)	6,782	39,289
Total revenue	1,231	2,035
General and administrative costs:		
Business acquisition	-	36,561
Office rent and supplies	4,643	4,298
Professional fees	3,370	465



The following is a summary of financial information for each of the Corporation's last eight quarters:

	<u>Three Months Ended</u> <u>December 31, 2015</u>	<u>Three Months Ended</u> <u>September 30, 2015</u>	<u>Three Months Ended</u> <u>June 30, 2015</u>	<u>Three Months Ended</u> <u>March 31, 2015</u>
Total assets	\$ 549,662	556,663	563,950	\$ 584,356
Shareholders' equity	509,595	516,377	526,872	537,731
Net loss (income)	6,782	24,897	10,859	11,468
Total revenue – interest income	1,231	1,264	1,077	1,137
General and administrative costs:				
Business acquisition	-	-	-	-
Office rent and supplies	4,643	7,009	5,101	4,330
Professional fees	3,370	4,750	6,335	3,075
Filing fee	-	-	500	5,200
Share-based compensation	-	14,402	-	-

	<u>Three Months Ended</u> <u>December 31, 2014</u>	<u>Three Months Ended</u> <u>September 30, 2014</u>	<u>Three Months Ended</u> <u>June 30, 2014</u>	<u>Three Months Ended</u> <u>March 31, 2014</u>
Total assets	\$ 596,903	\$ 592,591	\$ 597,310	\$ 615,755
Shareholders' equity	549,199	588,488	592,310	600,045
Net loss (income)	39,289	3,822	7,735	8,488
Total revenue – interest income	2,035	1,724	1,701	2,004
General and administrative costs:				
Business acquisition	36,561	-	-	-
Office rent and supplies	4,298	4,293	5,981	4,292
Professional fees	465	1,253	3,455	1,000
Filing Fee	-	-	-	5,200
Share-based compensation	-	-	-	-

## Discussion of Quarterly Results

During the three months ended December 31, 2015, interest income totalling \$1,231 was received (\$2,035 for the three months ended December 31, 2014). The activity during the three months ended December 31, 2015 related to identifying and reviewing potential Qualifying Transactions.

The total comprehensive loss for the three months ended December 31, 2015 was \$6,782, or \$nil per share, as compared to total comprehensive loss of \$39,289 for the three months ended December 31, 2014, or \$nil per share. The loss in 2015 was primarily the result of general and administrative expenses of \$8,013 (2014 - \$4,763), which was offset by interest income received of \$1,231 (2014 - \$2,035). The decrease in loss of \$32,507 in 2015 was largely the result of there not being business acquisition costs, but was offset by higher audit fees, and a decrease in interest income.

## Expenses

During the three months ended December 31, 2015, the following costs were incurred by the Corporation:

- Business acquisition costs of \$nil (2014 - \$36,561). This amount related to due diligence and professional fees incurred in 2014 with respect to the Corporation's proposed amalgamation with Millennium;
- Office rent and supplies expense of \$4,643 (2014 - \$4,298), including certain fees paid to a corporation owned by non-arm's length parties to the Corporation; see "*Transaction with Related Parties*"; and
- Professional fees of \$3,370, including audit/accounting and legal fees paid to firms with non-arm's length parties to the Corporation; see "*Transaction with Related Parties*" (2014 - \$465).

## Liquidity and Capital Resources

As at December 31, 2015, the Corporation had working capital of \$509,595 (\$549,199 - December 31, 2014) and a cash balance of \$547,625 (\$586,589 - December 31, 2014). The Corporation does not have any long-term debt or bank facilities. Management considers its amount of working capital to be sufficient for the Corporation to meet its ongoing obligations. Management intends to ensure that the operational and administrative costs are minimal prior to the completion of a Qualifying Transaction to preserve its working capital as much as possible. The majority of the Corporation's working capital has been placed into high interest saving accounts which pays the Corporation modest variable interest on a monthly basis.

Although the Corporation currently has sufficient working capital to meet its ongoing obligations to identify and evaluate possible Qualifying Transactions, there is no assurance that this amount of working capital will be sufficient to permit the completion of a Qualifying Transaction. The Corporation may be required to complete additional financings in order to be in a position to complete a Qualifying Transaction, which the Corporation anticipates would occur through the issuance of additional common shares.

## Outstanding Share Data

As at December 31, 2015 and as of the date of this MD&A, the Corporation had the following common shares and options to purchase common shares outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	10,000,000	-	-
Stock Options to Directors & Officers	1,000,000	\$0.10	May 13, 2018
Agent's Options	500,000	\$0.10	2016 <sup>(1)</sup>

(1) The agent options expire at the earliest of: delisting of the Corporation's shares, transfer to NEX or issuance of a final bulletin for a Qualifying Transaction by the TSXV. It is management's expectation that one of these events will occur in 2016.

## Transactions with Related Parties

Pursuant to an Administration Services Agreement, Exito pays \$1,429 per month to a corporation wholly-owned by two directors of the Corporation for the use of office space, reception and boardrooms, equipment (including computers, telephones, vehicles, etc.), printing and all other necessary administrative functions and services required to permit Exito to review and evaluate potential Qualifying Transactions. During the three months and

year ended December 31, 2015, \$4,287 and \$17,143 (2014 - \$4,287 and \$17,143) was paid in accordance with this arrangement. There was \$nil in accounts payable and accrued liabilities at December 31, 2015 and 2014.

It was determined that during the year ended December 31, 2014 professional fees paid to a partnership at which a Director of the Corporation has family relationships, for accounting services relating to the preparation of financial statements, were not in compliance with TSXV Policies relating to Capital Pool Companies. In total, \$7,300 (excluding GST) was paid to this partnership, \$1,900 and \$5,400 in 2014 and 2013 respectively. There was \$nil in accounts payable and accrued liabilities at December 31, 2015 (\$nil at December 31, 2014) and \$nil in accounts receivable at December 31, 2015 (\$7665 at December 31, 2014) relating to this arrangement.

During the three months and year ended December 31, 2015, \$295 and \$295 (2014 - \$38,879 and \$39,234) in legal fees were incurred, relating to a law firm in which a Director of the Corporation is a Partner. The legal fees incurred during the three months and the year ended December 31, 2014 mainly consisted of fees associated with business acquisition costs of \$36,561 relating to the Corporation's proposed amalgamation with Millennium, with the remainder being for general corporate matters and classified as professional fees. There was \$31,208 in accounts payable and accrued liabilities at December 31, 2015 (\$38,789 at December 31, 2014) relating to such legal fees.

### **Financial Instruments**

The fair values of the Corporation's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments.

To date, the Corporation has not participated in any risk management or commodity price contracts.

### **Off-Balance Sheet Arrangements**

The Corporation had no off-balance sheet arrangements as at December 31, 2015 or as of the date of this MD&A.

### **Risk and Uncertainties**

The Corporation does not have an active business and its only significant assets are cash and insured term deposits. The Corporation does not have a history of earnings, nor has it paid or does it expect to pay any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the TSXV may de-list the Corporation's shares from trading.

For additional information regarding risks and uncertainties relating to the Corporation, readers are encouraged to review the "Risk Factors" section of the Corporation's Prospectus dated March 28, 2014, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclosure Controls and Internal Controls Over Financial Reporting**

The management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the financial statements for the three months and year ended December 31, 2015.

The management of the Corporation has filed the Venture Issuer Basic Certificate with the annual filings for the period ended December 31, 2015 on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Critical Accounting Policies and Estimates**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

#### **Financial instruments**

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks.

#### **Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that

were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred income tax assets are recognized to the extent it is more likely than not to be realized.

### **Share based payments**

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, risk-free interest rates and other assumptions. By their nature these estimates are subject to uncertainty and the effect from changes in such estimates in future years could be material.

## **Financial Instruments**

### Fair Value

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accruals. The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments as at December 31, 2015 approximates their fair value because of the short maturities and normal trade term of these instruments.

The Corporation has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Category</u>	<u>Measurement Method</u>
<b>Cash and cash equivalents</b>	<i>Loans and receivables</i>	<i>Amortized cost</i>
<b>Accounts receivable</b>	<i>Loans and receivables</i>	<i>Amortized cost</i>
<b>Accounts payable and accruals</b>	<i>Other financial liabilities</i>	<i>Amortized cost</i>

### Financial Risk Management

The Corporation manages its exposure to financial risks, including liquidity risk and interest rate risk in accordance with its risk management framework. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework and reviews the Corporation's policies on an ongoing basis.

#### *(a) Liquidity Risk*

The liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation's financial liabilities mainly include accounts payable and accrued liabilities, which relate to pursuing the IPO, general administrative expenses and costs associated with pursuing a Qualifying Transaction. As of the date of this MD&A, the Corporation has sufficient funds to allow for it to pursue a Qualifying Transaction, however this does not ensure that such a Qualifying Transaction will ever be completed or that the Corporation's current amount of funds will be enough to facilitate a Qualifying Transaction if one is located. The Corporation handles liquidity risk through the management of its capital structure.

### *(b) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's cash is located in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as at December 31, 2015 or as of the date of this MD&A.

### **Capital Management**

The Corporation's capital as at December 31, 2015 consists of \$547,625 (December 31, 2014 - \$586,589) cash and cash equivalents and \$605,906 (December 31, 2014 - \$605,906) share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is restricted to spending \$210,000 of its capital on corporate costs that do not relate to pursuing a Qualifying Transaction, such as general and administrative expenses relating to being listed on the TSXV and issuing shares. As of the date of this MD&A, Exito has spent \$145,516 that fall within this spending restriction.

### **Future Accounting Standards**

The following standards and amendments have not been adopted as they apply to future periods and may result in future changes to existing accounting policies and disclosures. The adoption of these amendments is not expected to have a material impact on the Corporation's financial statements.

*IFRS 9, Financial Instruments* - The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of the standard.

*IFRS 15, Revenue from Contracts with Customers* - The new standard was issued in May 2013 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurements retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Company is currently evaluation the impact of the standard.

## **Operational Outlook**

The Corporation has not had any significant changes to its overall business strategy from that discussed in the Prospectus and it continues to pursue the completion of a Qualifying Transaction.

## **Subsequent Events**

On February 16, 2016, the Corporation's deadline for completing a Qualifying Transaction was extended by the TSXV until May 13, 2016.

On March 29, 2016, the Corporation entered a non-binding term sheet (the "Term Sheet") with MagneticNorth Partners, Inc. ("Magnetic"). The Term Sheet contemplates the acquisition of all of the issued and outstanding common shares of Magnetic by the Corporation as well as various changes to the Corporation's management team and board of directors. The transaction contemplated by the Term Sheet remains subject to numerous conditions, including but not limited to: (i) a more formal letter of intent and a definitive agreement being entered between the Corporation and Magnetic; (ii) approval of the Corporation's shareholders; and (iii) approval of the TSXV.

On April 13, 2016, the Letter Agreement with Millennium expired.



**EXITO ENERGY II INC.**

**CORPORATE DATA**

**LISTING:**  
TSX Venture Exchange  
Symbol: **EXI.P**

**HEAD OFFICE**

1110, 335 – 8<sup>th</sup> Ave S.W.  
Calgary, Alberta, T2P 1C9

Contact: Brad Docherty

Telephone: (403) 472-5767

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**DIRECTORS AND OFFICERS**

- Brad Docherty: President, CEO, Director & Audit Committee Member
- Eli Abergel: Chief Financial Officer, Corporate Secretary & Director
- Bill Matheson: Independent Director & Audit Committee Member
- Chris Scase: Independent Director & Audit Committee Member
- Andrew Oppenheim: Independent Director
- Colin Reeves: Independent Director
- Brody Loster: Independent Director

**REGISTRAR AND TRANSFER AGENT**

Computershare Trust Company  
600, 530 – 8<sup>th</sup> Ave S.W.  
Calgary, Alberta, T2P 3S8

**APPENDIX "I"**  
**EXITO INTERIM MD&A**

**EXITO ENERGY II INC.**  
**(“Exito” or the “Corporation”)**

**AMENDED MANAGEMENT DISCUSSION & ANALYSIS**

FOR THE THREE AND NINE MONTH PERIOD  
ENDED SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

This Management Discussion & Analysis (“MD&A”) is a review of the financial results and condition of the Corporation for the three and nine month periods ended September 30, 2016 and September 30, 2015, and should be read in conjunction with the unaudited interim financial statements for the same periods and the Corporation’s audited financial statements for the year ended December 31, 2015, including the notes to the financial statements, and the Corporation’s Prospectus dated March 28, 2013. This MD&A addresses events up to and including April 25, 2017.

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All dollar figures included therein and in this MD&A are quoted in Canadian dollars.

Additional information regarding the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

*This MD&A contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation’s control. Such assumptions, risks and uncertainties include, without limitation, those associated with, decreased value of the general stock market, stock market volatility, decreased market valuations of companies with respect to announced transactions and the final valuation thereof, volatility of commodity prices, delays resulting from an inability to obtain regulatory approvals, an inability to access sufficient capital from internal and external sources, the effect of economic conditions in North America, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, an inability to secure a suitable asset or business to qualify the Corporation for listing on the TSX Venture Exchange or the Toronto Stock Exchange beyond its listing as a Capital Pool Company. The Corporation’s actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, of if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A. Although the Corporation has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes. The Corporation undertakes to publically disclose all material changes to its forward-looking statements as soon as such changes are known.*

**Description of Business and Overall Performance**

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on November 11, 2010 as Capitalize Acquisition I Corp. On March 26, 2012, the Corporation’s name was changed to Exito Energy II Inc.

Exito is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of the TSX Venture Exchange (“TSXV”) Corporate Finance Manual. The Corporation proposes to identify and evaluate corporations, businesses

and assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation in such corporations, businesses or assets that qualifies it for listing on the TSXV beyond its CPC listing (a “Qualifying Transaction”).

On January 16, 2013, the Corporation completed a private placement of 5,000,000 common shares at a price of \$0.05 per share (the “Seed Shares”) for gross proceeds of \$250,000.

On March 28, 2013, the Corporation received a final receipt for a Capital Pool Company Prospectus (the “Prospectus”) filed with the Alberta Securities Commission and the British Columbia Securities Commission to complete its initial public offering (“IPO”) through the issuance of 5,000,000 common shares at a price of \$0.10 per share (the “IPO Shares”). Upon issuance of the final receipt the Corporation became a “reporting issuer” pursuant to applicable securities legislation in the provinces of Alberta and British Columbia. The Prospectus can be viewed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On May 7, 2013, the Corporation completed its IPO and issued the IPO Shares. Pursuant to an Agency Agreement between the Corporation and Macquarie Private Wealth Inc. (the “Agent”), the Corporation paid the Agent a commission of 10% of the gross proceeds of the IPO and a corporate finance administration fee of \$12,500 (plus GST). The Agent was also granted a non-transferable Agent’s Option to purchase 500,000 common shares at a price of \$0.10 per common share for a period of 24 months from the date that the IPO closed. Although the Agent’s Options expired during the three months ended September 30, 2015, subsequent to the end of the period the Corporation received approval from the TSXV to re-issue the Agent’s Options with a revised term. The Corporation also paid for the Agent’s legal fees incurred with respect to the IPO, which amount totalled \$12,894 (including disbursements and GST). The Agency Agreement can be viewed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On May 8, 2013, the common shares of the Corporation commenced trading on the TSXV under the symbol EXI.P.

Net proceeds to the Corporation from issuance of the Seed Shares and the IPO Shares, after payment of all associated costs and fees, was approximately \$630,000.

In addition, upon closing of the IPO, pursuant to escrow agreements entered between the Corporation, Valiant Trust Company (the “Transfer Agent”) and certain shareholders of the Corporation, 5,000,000 common shares of Exito were placed in escrow and will remain in escrow until the Corporation completes a Qualifying Transaction.

On May 13, 2013, the directors and officers of the Corporation were granted options that entitle them to purchase 1,000,000 common shares of Exito at a price of \$0.10 per common share for a period of 5 years from the date that the IPO closed.

The Corporation entered into a letter of intent with Millennium Stimulation Services Ltd. (“Millennium”) dated November 13, 2014 (the “Letter Agreement”), pursuant to which the Corporation intended to acquire all of the issued and outstanding common shares of Millennium (the “Millennium Shares”), to be effected by way of an amalgamation pursuant to the Business Corporations Act (Alberta). This agreement expired on April 13, 2016.

On February 16, 2016, the Corporation’s deadline for completing a qualifying transaction was extended by the TSXV until May 13, 2016. The TSXV continues to provide the Corporation with time to complete a qualifying transaction, however it is anticipated that if the GLN Transaction (defined below) does not close then the Corporation’s shares will be transferred to the NEX Exchange (a separate board of the TSXV).

On March 29, 2016, the Corporation entered a non-binding term sheet (the "Term Sheet") with MagneticNorth Partners, Inc. ("Magnetic"). The Term Sheet contemplated the acquisition of all of the issued and outstanding common shares of Magnetic by the Corporation as well as various changes to the Corporation's management team and board of directors. On June 3, 2016, the Corporation signed a non-binding letter of intent (the "LOI") with the principals of Magnetic, namely Andrew Osis and Kevin Spall (the "Vendors"), to acquire all of the Vendors' interests in various private equity investments, to have the Vendors become the management of the Corporation and to change the Corporation's name to MagneticNorth Partners Corp. The transaction contemplated with the Vendors did not proceed as the Corporation elected to enter into the GLN Transaction (defined below).

The Corporation signed an arrangement agreement dated October 7, 2016, an amended and restated arrangement agreement dated January 31, 2017 and an amendment to the amended and restated arrangement agreement on April 25, 2017, with Good Life Networks Inc. ("GLN"), a Vancouver-based, digital media company, with respect to a proposed business combination (the "GLN Transaction"). The GLN Transaction will be structured as a share exchange by way of plan of arrangement. Pursuant to the terms of the GLN Transaction, the Corporation will complete a consolidation of its common shares on the basis of one post-consolidation share for every two pre-consolidation shares. Holders of GLN common shares will receive 0.2601 of a post-consolidation common share of the Corporation. The GLN Transaction is conditional on GLN completing a non-brokered private placement of subscription receipts at a price of not less than \$0.25 per subscription receipt to raise gross proceeds of not less than \$3,500,000. In conjunction with entering the GLN Transaction, the Corporation made a \$25,000 unsecured loan to GLN. The date set for the meeting of shareholders to vote on the GLN Transaction is May 26, 2017 and the outside date for completion of the GLN Transaction is July 31, 2017.

On October 19, 2016, 2,000,000 escrowed seed shares of the Corporation held by non-arm's length parties were cancelled as a result of the Corporation's failure to complete a Qualifying Transaction within the time period prescribed by the TSXV. As a result, the Corporation now has 8,000,000 common shares issued and outstanding, 3,000,000 of which are subject to TSXV escrow conditions.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may de-list the Corporation's shares from trading. In May 2015, the Corporation's shares were suspended from trading on the TSXV.

As at the date of this MD&A, the Corporation had no active business operations and its only significant asset was cash and cash equivalents.

### **Restatement of Previously issued condensed interim financial statements**

Subsequent to filing of the September 30, 2016 condensed interim financial statements, the Corporation identified errors related to its previously issued condensed interim financial statements for the three and nine month periods ended September 30, 2016. In those previously issued financial statements, the Corporation did not accrue for legal services being provided as part of completing a qualifying transaction during the three and nine month periods ended September 30, 2016. The Corporation also determined that, as there was no actual modification to the terms of the agent options issued during the year ended December 31, 2015, no share-based payments expense should have been recognized during the three and nine month periods ended September 30, 2016.

The effect of the restatement is detailed as follows:

	<b>September 30, 2016</b> <b>As previously</b> <b>reported</b> <b>\$</b>	<b>Restatement</b> <b>\$</b>	<b>September 30, 2016</b> <b>As restated</b> <b>\$</b>
<b>Statement of Financial Position</b>			
Accounts payable and accrued liabilities	37,095	24,221	61,316
Contributed surplus	126,355	(5,883)	120,472
Accumulated deficit	(252,173)	(18,338)	(270,511)

	<b>Three months</b> <b>ended September</b> <b>30, 2016</b> <b>As previously</b> <b>reported</b> <b>\$</b>	<b>Restatement</b> <b>\$</b>	<b>Three months ended</b> <b>September 30, 2016</b> <b>As restated</b> <b>\$</b>
<b>Statement of Comprehensive Loss</b>			
Business acquisition costs	-	19,215	19,215
Share-based payments	2,059	(2,059)	-
Net loss and comprehensive loss	8,262	17,156	25,418

	<b>Nine months ended</b> <b>September 30,</b> <b>2016</b> <b>As previously</b> <b>reported</b> <b>\$</b>	<b>Restatement</b> <b>\$</b>	<b>Nine months ended</b> <b>September 30, 2016</b> <b>As restated</b> <b>\$</b>
<b>Statement of Comprehensive Loss</b>			
Business acquisition costs	-	24,221	24,221
Share-base payments	5,883	(5,883)	-
Net loss and comprehensive loss	35,390	18,338	53,728

Statement of Cash flows – there was no change in the cash used in operating activities and in the cash and cash equivalents at the end of the period as the restatement only affected non-cash items.

### **Selected Financial Information**

The following is a summary of financial information for the nine months ended September, 2016 and 2015:

	<u>Nine Months Ended</u> <u>September 30, 2016</u>	<u>Nine Months Ended</u> <u>September 30, 2015</u>
Total assets	\$ 517,183	\$ 556,663
Total long term liabilities	-	-
Shareholders' equity	455,867	516,377

Net loss and comprehensive loss	53,728	47,224
Total revenue – interest income	3,427	3,478
General and administrative costs:		
Business acquisition costs	24,221	-
Professional fees	10,365	14,160
Office rent and supplies	15,770	16,440
Listing fees	6,799	5,700
Share-based compensation	-	14,402

## Results of Operations

For the nine months ended September 30, 2016, the Corporation did not have any active operations and therefore no revenues from operations since inception except interest income. During the nine months ended September 30, 2016 interest income totalling \$3,427 was received (\$3,478 during the nine months ended September 30, 2015). The activity during the nine months ended September 30, 2016 related to identifying and reviewing potential Qualifying Transactions.

The total net loss and comprehensive loss for the nine months ended September 30, 2016 was \$53,728, or \$0.01 per share, as compared to \$47,224 total net loss and comprehensive loss for the nine months ended September 30, 2015, or \$0.00 per share. The loss in 2016 was a result of business acquisition costs of \$24,221 (2015 - \$nil) associated with the GLN qualifying transaction, general operating expenses of \$32,934 (2015 - \$36,300), and share-based payments \$nil (2015 - \$14,402) during the nine months ended September 30, 2016. The increase in the loss in 2016 was largely the result of an increase in business acquisition costs and listing fees being offset by lower share-based payments, general office expenses, and professional fees.

### *Expenses*

During the nine months ended September 30, 2016, the following costs were incurred by the Corporation:

- Business acquisition costs of \$24,221 (2015 - \$nil). This amount related to professional fees incurred with respect to the Corporation’s proposed amalgamation with GLN and Millennium. See “*Transactions with Related Parties*”;
- Professional fees of \$10,365 (2015 – \$14,160), including audit/accounting and general corporate service legal fees paid to a firm with non-arm’s length parties to the Corporation; see “*Transactions with Related Parties*”. The decrease is from lower audit fees for 2016 as compared to the prior year;
- Office rent and supplies expense during the nine months ended September 30, 2016 of \$15,770 (2015 - \$16,440), including certain fees paid to a company owned by non-arm’s length parties to the Corporation. See “*Transactions with Related Parties*”. The decrease in these costs was the result of lower costs for the dissemination of shareholder communications; and
- Filing fees of \$6,799 (2015 - \$5,700), relating to the Corporation’s annual TSXV listing fee and other TSXV filing fees. The increase was associated with filing an application with the TSXV for a Qualifying Transaction deadline extension.



As at the date of this MD&A, the Corporation's only operations consist of identifying and reviewing potential Qualifying Transactions, thus expenses of the Corporation will vary from period to period depending on the availability of opportunities and the timing of ongoing fees associated with maintaining its status as a CPC. The Corporation incurs periodic charges relating to its public listing and evaluation of potential Qualifying Transactions, including for preparation of tax documents, dissemination of news releases, fees for its ongoing TSXV listing, holding of its Shareholder Meeting and conducting due diligence on projects.

## Income Taxes

As at September 30, 2016, the Corporation had approximately \$80,767 in tax pools comprised of \$72,816 in non-capital losses and \$7,951 in share issue costs. The Corporation's non-capital losses will begin to expire in 2031.

## Summary of Quarterly Results

The following is a summary of financial information for each of the Corporation's last eight quarters:

	<u>Three Months Ended</u> <u>September 30, 2016</u>	<u>Three Months Ended</u> <u>June 30, 2016</u>	<u>Three Months Ended</u> <u>March 31, 2016</u>	<u>Three Months Ended</u> <u>December 31, 2015</u>
Total assets	\$ 517,183	\$ 522,742	539,560	\$ 549,662
Shareholders' equity	455,867	481,285	492,232	509,595
Net loss and comprehensive loss	25,418	10,947	17,364	6,782
Total revenue – interest income	1,165	1,143	1,119	1,231
General and administrative costs:				
Business acquisition	19,215	-	5,006	-
Professional fees	3,075	3,650	3,640	4,643
Office rent and supplies	4,293	6,840	4,637	3,370
Filing fee	-	1,599	5,200	-
Share-based payments	-	-	-	-

	<u>Three Months Ended</u> <u>September 30, 2015</u>	<u>Three Months Ended</u> <u>June 30, 2015</u>	<u>Three Months Ended</u> <u>March 31, 2015</u>	<u>Three Months Ended</u> <u>December 31, 2014</u>
Total assets	\$ 556,663	\$ 563,950	\$ 584,356	\$ 596,903
Shareholders' equity	516,377	486,291	537,731	549,199
Net loss and comprehensive loss	24,897	10,859	11,468	39,289
Total revenue – interest income	1,264	1,077	1,137	2,035
General and administrative costs:				
Business acquisition	-	-	-	36,561
Professional fees	7,009	5,101	4,330	4,298
Office rent and supplies	4,750	6,335	3,075	465
Filing Fee	-	500	5,200	-
Share-based payments	14,402	-	-	-

## Discussion of Quarterly Results

During the three months ended September 30, 2016, interest income totalling \$1,165 was received (2015 - \$1,264). The activity during the three months ended September 30, 2016 related to identifying and reviewing potential Qualifying Transactions.

The total net loss and comprehensive loss for the three months ended September 30, 2016 was \$25,418, or \$0.00 per share, as compared to \$24,897 total net loss and comprehensive loss for the three months ended September 30, 2015, or \$0.00 per share. The loss in 2016 was a result of business acquisition costs of \$19,215 (2015 - \$nil) associated with the GLN Transaction, general operating expenses of \$7,368 (2015 - \$11,759), and share-based payments \$nil (2015 - \$14,402) during the three months ended September 30, 2016. The increase in the loss in 2016 was largely the result of an increase in business acquisition costs being offset by share-based payments, general office expenses, and professional fees.

### *Expenses*

During the three months ended September 30, 2016, the following costs were incurred by the Corporation:

- Business acquisition costs of \$19,215 (2015 - \$nil). This amount related to professional fees incurred with respect to the GLN Transaction. see “*Transactions with Related Parties*”;
- Professional fees of \$3,075 (2015 – \$4,750), including audit/accounting and general corporate service legal fees paid to a firm with non-arm’s length parties to the Corporation. See “*Transactions with Related Parties*”. The decrease is from lower audit fees for 2016 as compared to the prior year; and
- Office rent and supplies expense during the three months ended September 30, 2016 of \$4,293 (2015 - \$7,009), including certain fees paid to a company owned by non-arm’s length parties to the Corporation. See “*Transactions with Related Parties*”. The decrease in these costs was the result of lower communication costs associated with dissemination of shareholder communications.

## Liquidity and Capital Resources

As at September 30, 2016, the Corporation had working capital of \$455,867 (\$509,595 – December 31, 2015) and a cash balance of \$515,467 (\$547,625 – December 31, 2015). The Corporation does not have any long-term debt or bank facilities. Management considers its amount of working capital to be sufficient for the Corporation to meet its ongoing obligations. Management intends to ensure that the operational and administrative costs are minimal prior to the completion of a Qualifying Transaction to preserve its working capital as much as possible. The majority of the Corporation’s working capital has been placed into high interest saving accounts which pays the Corporation modest variable interest on a monthly basis.

Although the Corporation currently has sufficient working capital to meets its ongoing obligations to identify and evaluate possible Qualifying Transactions, there is no assurance that this amount of working capital will be sufficient to permit the completion of a Qualifying Transaction. The Corporation may be required to complete additional financings in order to be in a position to complete a Qualifying Transaction, which the Corporation anticipates would occur through the issuance of additional common shares.

## Outstanding Share Data

As at September 30, 2016, the Corporation had the following common shares and options to purchase common shares outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	10,000,000 <sup>(2)</sup>	-	-
Stock Options to Directors & Officers	1,000,000	\$0.10	May 13, 2018
Agent Options	500,000	\$0.10	2016 <sup>(1)</sup>

- (1) The agent options expire at the earliest of: delisting of the Corporation's shares, transfer to the NEX Exchange upon failing to complete a qualifying transaction within the time frame prescribed by the TSXV or issuance of the final bulletin for acceptance of a qualifying transaction. Management anticipates that one of these events will occur in 2017.
- (2) On October 19, 2016, 2,000,000 escrowed seed shares of the Corporation held by non-arm's length parties were cancelled as a result of the Corporation's failure to complete a Qualifying Transaction within the time period prescribed by the TSXV. As a result, the Corporation now has 8,000,000 common shares issued and outstanding, 3,000,000 of which are subject to TSXV escrow conditions.

## Transactions with Related Parties

Pursuant to an Administration Services Agreement, Exito pays \$1,429 per month to a corporation wholly owned by two directors of the Corporation for the use of office space, reception and boardrooms, equipment (including computers, telephones, vehicles, etc.), printing and all other necessary administrative functions and services required to permit Exito to review and evaluate potential Qualifying Transactions. During the three and nine months ended September 30, 2016, \$4,286 and \$12,857 (2015 - \$4,286 and 12,857) was paid in accordance with this arrangement. There was \$nil in accounts payable and accrued liabilities at September 30, 2016 (2015 - \$nil) relating to this arrangement.

During the three and nine months ended September 30, 2016, \$19,215 and \$25,161 (2015 - \$nil and \$nil) in legal fees were incurred, relating to a law firm in which a Director of the Corporation is a Partner. The legal fees incurred that were associated with the potential Qualifying Transactions were classified as business acquisition costs for the three and nine month periods ended September 30, 2016, and totalled \$19,215 and \$24,221, respectively (2015 - \$nil and \$nil), with the remaining fees being associated with general legal services. There was \$55,429 in accrued liabilities at September 30, 2016 (\$35,000 at September 30, 2015) related to business acquisition costs for the GLN Transaction and the unsuccessful transaction with Millennium in 2014. There was \$nil in accounts payable at September 30, 2016 (\$nil at December 31, 2015) relating to general legal service fees.

## Financial Instruments

The fair values of the Corporation's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments.

To date, the Corporation has not participated in any risk management or commodity price contracts.

## Off-Balance Sheet Arrangements

The Corporation had no off-balance sheet arrangements as at September 30, 2016 or as of the date of this MD&A.

## **Risk and Uncertainties**

The Corporation does not have an active business and its only significant assets are cash and invests in high-interest saving accounts. The Corporation does not have a history of earnings, nor has it paid or does it expect to pay any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the TSXV may de-list the Corporation's shares from trading.

For additional information regarding risks and uncertainties relating to the Corporation, readers are encouraged to review the "Risk Factors" section of the Corporation's Prospectus dated March 28, 2013, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Disclosure Controls and Internal Controls Over Financial Reporting**

The management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the financial statements for the three and nine months ended September 30, 2016.

The management of the Corporation has filed the Venture Issuer Basic Certificate with the interim filings for the period ended September 30, 2016 on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Critical Accounting Policies and Estimates**

The preparation of the Corporation's condensed interim financial statements is in conformity with IFRS. Preparing the Corporation's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 3 of the Corporation's audited financial statements for the year ended December 31, 2015 provides greater detail regarding all of the significant accounting policies.

## **Financial Instruments**

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks.

## **Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred income tax assets are recognized to the extent it is more likely than not to be realized.

## **Share-based payments**

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, risk-free interest rates and other assumptions. By their nature these estimates are subject to uncertainty and the effect from changes in such estimates in future years could be material.

## Fair Value

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accruals. The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments as at September 30, 2016 approximates their fair value because of the short maturities and normal trade term of these instruments.

The Corporation has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Category</u>	<u>Measurement Method</u>
<b>Cash and cash equivalents</b>	<i>Loans and receivables</i>	<i>Amortized Cost</i>

<b>Accounts receivable</b>	<i>Loans and receivables</i>	<i>Amortized cost</i>
<b>Accounts payable and accruals</b>	<i>Other financial liabilities</i>	<i>Amortized cost</i>

### Financial Risk Management

The Corporation manages its exposure to financial risks, including liquidity risk and interest rate risk in accordance with its risk management framework. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework and reviews the Corporation's policies on an ongoing basis.

#### *(a) Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. Credit risk primarily arises from the Corporation's cash and receivables. The risk exposure is limited to their carrying amounts at the statement of financial position date.

#### *(b) Liquidity Risk*

The liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation's financial liabilities mainly include accounts payable and deferred liabilities, which relate to pursuing the IPO, general administrative expenses and costs associated with pursuing a Qualifying Transaction. As of the date of this MD&A, the Corporation has sufficient funds to allow for it to pursue a Qualifying Transaction, however this does not ensure that such a Qualifying Transaction will ever be completed or that the Corporation's current amount of funds will be enough to facilitate a Qualifying Transaction if one is located. The Corporation handles liquidity risk through the management of its capital structure.

#### *(c) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's cash is located in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as at September 30, 2016 or as of the date of this MD&A.

### **Capital disclosures**

The Corporation's capital as at September 30, 2016 consists of \$515,467 (2015 - \$553,195) cash and cash equivalents and \$605,906 (2015 - \$605,906) share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is restricted to spending \$210,000 of its capital on corporate costs that do not relate to pursuing a Qualifying Transaction, such as general and administrative expenses relating to being listed on the TSXV and issuing shares. As of September 30, 2016, Exito had spent \$163,575 (September 30, 2015 - \$127,286) that is classified as being within this spending restriction.

### **Future Accounting Standards**

There were no new or amended standards issued during the three months ended September 30, 2016 that are applicable to the Corporation in future periods. A description of standards and interpretations that will be adopted by the Corporation in future periods can be found in the notes to the annual Financial Statements for the year ended December 31, 2015.

### **Operational Outlook**

The Corporation has not had any significant changes to its overall business strategy from that discussed in the Prospectus and it continues to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction.



## **EXITO ENERGY II INC.**

### **CORPORATE DATA**

**LISTING:**  
TSX Venture Exchange  
Symbol: **EXI.P**

### **HEAD OFFICE**

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### **DIRECTORS AND OFFICERS**

- Brad Docherty: President, CEO, Director & Audit Committee Member
- Eli Abergel: Chief Financial Officer, Corporate Secretary & Director
- Bill Matheson: Independent Director & Audit Committee Member
- Chris Scase: Independent Director & Audit Committee Member
- Andrew Oppenheim: Independent Director
- Colin Reeves: Independent Director
- Brody Loster: Independent Director

### **REGISTRAR AND TRANSFER AGENT**

Computershare Trust Company  
600, 530 – 8<sup>th</sup> Ave S.W.  
Calgary, Alberta, T2P 3S8

**APPENDIX "J"**  
**AUDIT COMMITTEE CHARTER OF EXITO**

## AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on March 28, 2013)

### A. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to ensure that the management of Exito Energy II Inc. (the "Corporation") has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts. In particular, the Committee must ensure compliance with National Instrument 52-110 - *Audit Committees* ("NI 52-110").

### B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. Unless exempt from the requirements of Part 3 of NI 52-110, the Committee shall consist of at least three members of the Board of Directors (the "Board"), all of whom shall be "independent", as that term is defined in NI 52-110.
2. Unless exempt from the requirements of Part 3 of NI 52-110, all members of the Committee shall be "financially literate", as that term is defined in NI 52-110.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
5. Unless exempt from the requirements of Part 3 of NI 52-110, the secretary of the Committee shall be selected by the Committee, and shall be "financially literate" unless otherwise determined by the Committee.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's internal and external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.
8. The Committee shall be entitled to engage independent counsel and other advisors as it considers necessary to carry out its duties and to set and pay the compensation for any such advisors.
9. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
  - (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:
    - Chief Financial Officer;
  - (d) other management representatives shall be invited to attend as necessary.
10. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **C. DUTIES AND RESPONSIBILITIES**

1. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation and to verify the independence of such external auditors;
  - (b) to review and recommend to the Board the scope and timing of the audit and other related services rendered by the external auditors and the compensation therefor;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to directly oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (e) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;

- (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Corporation's financial and auditing personnel;
  - (iv) co-operation received from the Corporation's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Corporation;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
  - (viii) the non-audit services provided by the external auditors;
- (f) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
  - (g) to pre-approve all non-audit services to be provided to the Corporation by the external auditors unless otherwise provided for in NI 52-110;
  - (h) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management;
  - (i) to review the Corporation's financial statements, MD&A and press releases announcing annual and interim earnings before the Corporation publicly discloses the information;
  - (j) to ensure that procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (i) above, and periodically assess the adequacy of the procedures;
  - (k) to implement procedures for:
    - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
    - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
    - (iii) to review and approve the Corporation's hiring policies regarding partners, employees or former partners and employees of the present and former external auditors of the Corporation.

3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

- (b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
  - (c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
4. The Committee is also charged with the responsibility to review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and to:
- (a) review and approve the financial sections of:
    - (i) annual reports to shareholders;
    - (ii) annual information forms (if adopted);
    - (iii) prospectuses; and
    - (iv) other public reports requiring approval by the Board,and report to the Board with respect thereto;
  - (b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
  - (c) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (d) review and report on the integrity of the Corporation's consolidated financial statements;
  - (e) review the minutes of any audit committee meeting of subsidiary companies;
  - (f) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (g) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and

develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

**APPENDIX "K"**  
**RESULTING ISSUER PRO FORMA FINANCIAL STATEMENTS**



**GOOD LIFE NETWORKS INC.**

**Pro-Forma Statement of Financial Position**

**September 30, 2016**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**GOOD LIFE NETWORKS INC.**  
**Pro-Forma Statement of Financial Position**  
**As at September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Exitto Energy II Inc. as at September 30, 2016	Good Life Networks Inc. as at September 30, 2016	Note	Pro-Forma Adjustments	Pro-Forma September 30, 2016
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 515,467	\$ 78,488	2(b) 2(f) 2(g)	\$ 799,140 6,500,000 (662,500)	\$ 7,230,595
Receivables	1,716	951,466		-	953,182
Prepays		11,770		-	11,770
	517,183	1,041,724			8,195,547
<b>Equipment</b>		13,919		-	13,919
	\$ 517,183	\$ 1,055,643		\$	\$ 8,209,466
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 61,316	\$ 2,312,102	2(a)	\$ (150,000)	\$ 2,223,418
Interest payable		161,428		-	161,428
Promissory notes		1,538,205			1,538,205
	61,316	4,011,735			3,923,051
<b>Convertible Debentures</b>		113,549			113,549
	61,316	4,125,284			4,036,600
<b>Shareholders' Deficiency</b>					
<b>Share Capital</b>	605,906	6,870,695	2(a) 2(b) 2(e) 2(d) 2(f)	217,667 799,140 1,000,000 (605,906) 6,500,000	15,387,502
<b>Share Subscriptions Receivable</b>		(62,367)			(62,367)
<b>Convertible Debentures – Equity Component</b>		16,136			16,136
<b>Reserves</b>	120,472	140,218	2(d)	(120,472)	140,218
<b>Deficit</b>	(270,511)	(10,034,323)	2(a) 2(e) 2(d) 2(g)	(67,667) (544,133) 270,511 (662,500)	(11,308,623)
	455,867	(3,069,641)			4,172,866
	\$ 517,183	\$ 1,055,643		\$	\$ 8,209,466

**GOOD LIFE NETWORKS INC.**  
**Notes to the Pro-Forma Statement of Financial Position**  
**As at September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. BASIS OF PRESENTATION**

The unaudited pro-forma statement of financial position of Good Life Networks Inc. (the “**Company**” or “**GLN**”) has been prepared by management in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board.

The unaudited pro-forma statement of financial position has been prepared for inclusion in the Joint Information Circular Supplement of Exito Energy II Inc. (“**Exito**”) and the Company, which contains the details of the Arrangement Agreement (the “**Arrangement**”) and associated financings. The purpose of the Arrangement is to restructure the companies through a reverse acquisition and subsequent amalgamation (the “**Transaction**”). The new company will become a reporting issuer in the province of British Columbia upon completion of the Arrangement. Management of the Company and Exito believe that the amalgamation will enhance shareholder value.

Pursuant to the Arrangement, the Company’s issued and outstanding common shares will be exchanged for shares of Exito on the basis of 0.2601 Exito common share for each common share of GLN (the “**Exchange Ratio**”). As a result, the Company will become a wholly owned subsidiary of Exito. Exito does not meet the definition of a business, therefore the Arrangement is outside of the scope of IFRS 3 *Business Combinations*. Instead, the Arrangement will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of the Company, with the net identifiable assets of Exito deemed to have been acquired by the Company.

The Company will then complete a vertical short-form amalgamation whereby the resulting issuer will change its name to “Good Life Networks Inc.”. The acquisition by Exito is intended to constitute Exito’s “Qualifying Transaction” to enable it to be listed on Tier 2 of the TSX Venture Exchange.

The Company has completed a bridge financing pursuant to which the Company issued an aggregate principal amount of \$799,140 of unsecured convertible notes. It is a condition to closing the Transaction that the Company complete a concurrent financing by way of a private placement of subscription receipts at a price of not less than \$0.25 per subscription receipt. The Company expects gross proceeds of \$6,500,000 as a result of the concurrent financing.

The unaudited pro-forma statement of financial position of the Company has been compiled from:

- (a) The condensed consolidated interim financial statements of the Company as at September 30, 2016 and for the nine months then ended;
- (b) The condensed interim financial statements of Exito as at September 30, 2016 and for the nine months then ended; and
- (c) the additional information set out in note 2.

The unaudited pro-forma statement of financial position has been prepared as if the Arrangement and transactions described in note 2 had occurred on September 30, 2016, and represents the related assets and liabilities included in the September 30, 2016 condensed consolidated interim financial statements of the Company.

The unaudited pro-forma statement of financial position of the Company has been compiled using the significant accounting policies as set out in the Company’s audited financial statements for the year ended December 31, 2015, and those accounting policies expected to be adopted by the Company. The unaudited pro-forma statement of financial position of the resulting issuer should be read in conjunction with the December 31, 2015 audited financial statements of the Company.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Pro-Forma Statement of Financial Position**  
**As at September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. BASIS OF PRESENTATION (Continued)**

The unaudited pro-forma statement of financial position is not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

In the opinion of the Company's management, the unaudited pro-forma statement of financial position includes all adjustments necessary for the fair presentation of the transactions described in note 2.

Actual amounts recorded upon approval of the Arrangement may differ from those recorded in the unaudited pro-forma statement of financial position. Completion of the Arrangement is subject to a number of conditions, including, but not limited to, Canadian Securities Exchange acceptance.

**2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS**

The unaudited pro-forma statement of financial position has been presented giving effect to the following assumptions and pro-forma adjustments:

- (a) The Company issued 1,333,333 common shares on October 5, 2016 at a fair value of \$67,667 to an entity as consideration for consulting services. The Company issued 3,000,000 common shares at a fair value of \$150,000 to settle amounts payable to a director.
- (b) The Company has completed a private placement and issued an aggregate principal amount of \$799,140 of unsecured convertible notes with a five-year maturity date. A holder of convertible notes has the right at any time to convert all or a portion of the holder's outstanding principal amount of convertible notes into units at a conversion price equal to \$0.0475 per unit (the "**Conversion Price**"). Each unit consists of one common share and one-half of one common share purchase warrant at an exercise price of \$0.09 per warrant share. Shortly prior to completion of the Transaction, the convertible notes will automatically convert into units at the Conversion Price. On conversion of the principal amount of the convertible notes, each investor shall receive one unit for each \$0.0475 of principal amount for an aggregate 16,824,000 units issued. At the effective time of the Transaction, the 16,824,000 unit shares will be exchanged for resulting issuer shares on the basis of the Exchange Ratio and each of the 8,412,000 outstanding unit warrants shall become exercisable for resulting issuer shares such that the number of resulting issuer shares that may be acquired upon exercise of the unit warrants, and the exercise price per warrant share, will be adjusted to reflect the Exchange Ratio. The unit warrants will be exercisable for 24 months following the Transaction. No value has been attributed to the warrant component.
- (c) Pursuant to the Arrangement Agreement, Exito has agreed that, prior to completion of the Arrangement, it will consolidate its share capital on a two-for-one basis.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Pro-Forma Statement of Financial Position**  
**As at September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS (Continued)**

(d) The Company then exchanged each issued and outstanding common share for shares of Exito on the basis of 0.2601 Exito share per one Company share. The former shareholders of the Company will hold greater than 50% of the issued and outstanding shares of the resulting issuer, and thus the transaction will be treated as a reverse acquisition for accounting purposes. The Arrangement, in substance, results in the Company being listed as a public entity and the Company's shareholders acquiring the net assets of Exito. All equity of Exito is eliminated pursuant to the Transaction.

(e) The purchase consideration below was estimated based on the fair value attributed to the common shares that the Company would have had to issue to shareholders of Exito to acquire the same percentage equity interest in the combined entity that results from the reverse acquisition. Upon completion of the Transaction, the fair value of all identifiable assets and liabilities acquired will be determined. The book value of the Company's and Exito's assets and liabilities as at September 30, 2016 are assumed to approximate their fair values as at that date. The difference between the purchase consideration and the fair value of net assets acquired will be recorded as a cost of public listing. The preliminary purchase price allocation is summarized as follows:

Fair value of acquisition (4,000,000 shares at \$0.25/share)	<u>\$ 1,000,000</u>
Allocated as follows:	
Identifiable fair value of net assets:	
Cash	\$ 515,467
Accounts receivable	<u>1,716</u>
	517,183
Accounts payable	(61,316)
Listing expense	<u>544,133</u>
	<u>\$ 1,000,000</u>

(f) The Company will complete a concurrent private placement of 26,000,000 subscription receipts for gross proceeds of \$6,500,000. Finders fees may be payable on the concurrent financing, however, share issuance costs have been assumed to be \$nil at this time.

(g) Closing costs relating to the acquisition agreement are estimated to be \$662,500.

**GOOD LIFE NETWORKS INC.**  
**Notes to the Pro-Forma Statement of Financial Position**  
**As at September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**3. PRO-FORMA SHARE CAPITAL**

After giving effect to the pro-forma adjustments and assumptions in note 2, the issued and fully paid share capital of the Company would be as follows:

	Note	Number of shares	Share capital	Share subscription receivable	Convertible debt – equity portion	Reserves
Share capital of Exito as at September 30, 2016		10,000,000	\$ 605,906	\$ -	\$ -	\$ -
Cancellation of Exito shares by TSXV		(2,000,000)	-	-	-	-
Share capital of GLN as at September 30, 2016		95,853,888	6,870,695	(62,367)	16,136	140,218
Issuance of GLN common shares	2a	4,333,333	217,667	-	-	-
Shares issued for bridge financing for GLN	2b	16,824,000	799,140	-	-	-
Share consolidation of Exito	2c	(4,000,000)	-	-	-	-
Shares issued for concurrent private placement	2f	26,000,000	6,500,000	-	-	-
Elimination as a result of the reverse takeover	2d,e	(143,011,221)	(605,906)	-	-	-
Shares issued to effect the reverse takeover	2d,e	37,197,219	1,000,000	-	-	-
		41,197,219	\$ 15,387,502	\$ (62,367)	\$ 16,136	\$ 140,218

**4. EFFECTIVE TAX RATE**

The pro-forma effective income tax rate applicable to the consolidated operations subsequent to the completion of the Transaction is 26%.

**CERTIFICATE OF EXITO ENERGY II INC.**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Exito Energy II Inc. assuming completion of the Acquisition and the Concurrent Financing.

By Order of the Board of Directors

April 28, 2017  
Calgary, Alberta

(Signed) "*Bradley Docherty*"  
Chief Executive Officer  
Exito Energy II Inc.

(Signed) "*Eli Abergel*"  
Chief Financial Officer  
Exito Energy II Inc.

(Signed) "*William Matheson*"  
Director  
Exito Energy II Inc.

(Signed) "*Andrew Oppenheim*"  
Director  
Exito Energy II Inc.



**CERTIFICATE OF GOOD LIFE NETWORKS INC.**

The foregoing document as it relates to Good Life Networks Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Good Life Networks Inc.

By Order of the Board of Directors

April 28, 2017  
Vancouver, British Columbia

(Signed) "*Jesse Dylan*"  
Chief Executive Officer  
Good Life Networks Inc.

(Signed) "*Jesse Dylan*"  
Director  
Good Life Networks Inc.

**ACKNOWLEDGEMENT – PERSONAL INFORMATION**

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached Joint Supplement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41, and 42 of Form 3D1, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

The disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B pursuant to Form 3D1; and

The collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

April 28, 2017  
Calgary, Alberta

(Signed) "*Bradley Docherty*"  
Chief Executive Officer  
Exito Energy II Inc.



