



**Suite 915 – 700 West Pender Street
Vancouver, British Columbia, V6C 1X8
Tel: 604-646-1553**

MANAGEMENT INFORMATION CIRCULAR

With information as at February 24, 2017 (the “**Record Date**”)
(*except where otherwise indicated*)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Management Information Circular (“Circular”) is provided in connection with the solicitation by management of Breathtec Biomedical, Inc. (the “Corporation”) of proxies (“Proxies”) from its holders (“Shareholders”) of the Class A common shares (the “Shares”) of the Corporation in respect of the annual general meeting of Shareholders (the “Meeting”) to be held at the time, location and place and for the purposes set out in the notice of meeting (the “Notice of Meeting”) accompanying this Circular. Although it is expected that the solicitation of Proxies will be primarily by mail, Proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. The costs of the solicitation of Proxies will be borne by the Corporation.

All references to \$ are to Canadian dollars and references to US\$ are to US dollars.

Notice-and-Access

Notice-and-Access rules are provisions for the delivery of proxy-related materials to Shareholders found in section 9.1.1. of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), in the case of registered Shareholders, and section 2.7.1 of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), in the case of beneficial Shareholders (“**Notice-and-Access Provisions**”), which allow an issuer to deliver an information circular forming part of proxy-related materials to Shareholders via certain specified electronic means provided that the conditions of NI 51-102 and NI 54-101 are met.

Notice-and-Access Provisions allow reporting issuers, other than investment funds, to deliver proxy-related materials to registered holders and beneficial owners of securities by posting their proxy-related materials on a non-SEDAR website (usually the reporting issuer’s website and sometimes the transfer agent’s website) rather than by delivering the information circular by mail. Notice-and-Access Provisions can be used to deliver materials for both general and special meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners are entitled to request delivery of a paper copy of the information circular at the reporting issuer’s expense.

In order for the Corporation to utilize Notice-and-Access Provisions the Corporation must send a notice to Shareholders, including Non-Registered Holders, indicating that the proxy-related materials have been posted on a website and explaining how a Shareholder can access them or how they may obtain their own paper copy of those materials from the Corporation. This Circular has been posted in full on the Corporation’s website at www.breathtecbiomedical.com and copies are available under the Corporation’s SEDAR profile at www.sedar.com.

The Corporation sent the Notice of Meeting and Proxy, but not this Circular, in accordance with requirements of the Canadian securities administrators (the “CSA”) directly to its registered Shareholders (pursuant to NI 51-102) and those non-registered (beneficial) holders (pursuant to NI 54-101) that have consented to allow their addresses to be provided to the Corporation (“NOBOs”). The Corporation does not intend to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“Intermediaries”) to forward the Notice of Meeting and VIF to those beneficial Shareholders that have refused to allow their address to be provided to the Corporation (“OBOs”). Accordingly, OBOs will not receive the Notice of Meeting and VIF unless their respective Intermediaries assume the cost of forwarding such documents to them. Instead of mailing this Circular to Shareholders, the Corporation has posted the Circular on its website pursuant to the ‘Notice and Access’ procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under ‘Additional Information’ at the end of this Circular.

The Corporation will not rely upon the use of ‘stratification’. Stratification occurs when a reporting issuer utilizing Notice-and-Access Provisions provides a paper copy of the information circular with the notice to be provided to Shareholders as described above. In relation to the Meeting, all Shareholders will have received the required documentation under the Notice-and-Access Provisions and all documents required to vote in respect of all matters to be voted on at the Meeting. No Shareholder will receive a paper copy of the information circular from the Corporation or any intermediary unless such Shareholder specifically requests same.

The Corporation will deliver proxy-related materials to NOBOs directly with the assistance of its transfer agent, CST Trust Company (“CST”). The Corporation will not pay intermediaries for delivery of proxy-related materials to OBOs.

Any Shareholder who wishes to receive a paper copy of this Circular must contact the Corporation at Suite 915 – 700 West Pender Street, Vancouver, British Columbia, V6C 1X8, telephone (1-604-646-1553). In order to ensure that a paper copy of the Circular can be delivered to a requesting Shareholder in time for such Shareholder to review the Circular and return a proxy or voting instruction form prior to the deadline for receipt of Proxies at 10 a.m. on April 6, 2017 (the “Proxy Deadline”), it is strongly suggested that a requesting Shareholder ensure their request is received by the Corporation no later than March 23rd, 2017.

All Shareholders may call 1-604-646-1553 (collect calls accepted) in order to obtain additional information relating to the Notice-and-Access Provisions or to obtain a paper copy of the Circular, up to and including the date of the Meeting, including any adjournment of the Meeting.

Director Agreement

None of the directors of the Corporation have informed the Corporation’s management in writing that they intend to oppose the approval of any of the matters set out in the Notice of Meeting.

APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES AND VIFS

Only duly appointed holders of Proxies from registered Shareholders and VIFs from NOBOs and OBOs (collectively, “Proxyholders”) and registered Shareholders may vote at the Meeting.

The persons named in the Proxy or VIF (the “Management Designees”) have been selected by the directors of the Corporation and have agreed to represent, as Proxyholder, the Shareholders appointing them.

A Shareholder has the right to designate a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Proxy or VIF the name of the person to be designated and by striking therefrom the names of the Management Designees or, if the Shareholder is a registered Shareholder, by completing another proper form of Proxy and delivering the Proxy or VIF in accordance with its instructions. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as Proxyholder and provide instructions on how the Shareholder's Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll or ballot is held, by marking an 'X' in the appropriate space of the Proxy or VIF. **If both spaces are left blank, the Proxy or VIF will be voted, if the Proxyholders are the Management Designees, as recommended by management for any matter requiring a 'For' or 'Against' vote, and in favour of the matter for any matter requiring a 'For' or 'Withhold' vote.**

The Proxy or VIF, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting. As at the date of this Circular, the Corporation's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted by the Management Designees as recommended by management.

To be valid, the Proxy must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy or VIF). The completed Proxy or VIF must then be returned in accordance with its instructions. Proxies (but not VIFs, unless the VIF has the name and address of the Corporation's transfer agent, CST, on the top right corner of the first page) and proof of authorization must be delivered to CST (Attention: Proxy Department), by fax within North America at 1-866-781-311, by mail to P.O. Box 721, Agincourt, Ontario M1S 0A1, Canada or by hand delivery to Suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, Canada at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Proxies and VIFs received after that time may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion, and the Chairman is under no obligation to accept or reject late proxies.

A Proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting their Shares. A Shareholder may also revoke their Proxy or VIF in respect of any matter upon which a vote has not already been cast pursuant to the authority conferred by the Proxy or VIF. A Proxy or VIF may also be revoked by depositing an instrument in writing (which includes a Proxy or VIF bearing a later date) executed by the Shareholder or by their authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, at the office of the transfer agent at CST's address set out above, the Corporation at Suite 915, 700 West Pender Street, Vancouver, British Columbia V6C 1X8, Canada by mail, its registered office at McMillian LLP (attn: Jeff Wust), Royal Centre, Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Canada (or by fax to (+1) 604-685-7084) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or by depositing the instrument in writing with the Chairman of such Meeting, prior to the commencement of the Meeting or any adjournment thereof.

REGISTERED SHAREHOLDERS

Only persons registered as Shareholders in the Corporation's Central Security Register maintained by CST, its registrar and transfer agent, or duly appointed Proxyholders will be allowed to vote on motions at the Meeting.

BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance as many Shareholders do not hold Shares in their own name.

Shareholders holding their Shares through Intermediaries ("**Beneficial Shareholders**") should note that only Proxies deposited by registered Shareholders will be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Shares, in all likelihood, will **not** be registered in the Shareholder's name. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms; and in the United States of America (the "United States" or the "U.S."), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

As provided for in NI 54-101, the Corporation has elected to obtain a list of its NOBOs from Intermediaries, and deliver the Notice of Meeting and VIF directly to its NOBOs. As a result, NOBOs can expect to receive a scannable VIF from their Intermediaries instead of a Proxy. A VIF enables a Shareholder to provide instructions to the registered holder of its Shares as to how those Shares are to be voted at the Meeting and allows the registered holder to provide a Proxy voting the Shares in accordance with those instructions. A VIF should be completed and returned in accordance with its instructions. As indicated in the VIF, both telephone voting and Internet voting are allowed. The results of the VIFs received from NOBOs will be tabulated and appropriate instructions respecting voting of Shares to be represented at the Meeting will be provided to the registered Shareholders.

Securities regulatory policies require Intermediaries to seek voting instructions from OBOs in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs to ensure that their Shares are voted at the Meeting. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Investor Communications ("**Broadridge**"), which mails the Notice of Meeting and VIF to OBOs and asks them to return a VIF to Broadridge. **An OBO receiving a VIF from Broadridge may use that VIF to vote Shares directly at the Meeting if the OBO inserts their name as the name of the person to represent them at the Meeting or may appoint a nominee to vote their Shares at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted.**

Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. Shareholders with any questions respecting the voting of Shares held through a broker or other intermediary should contact that broker or other Intermediary for assistance.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and since the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

NOTICE TO UNITED STATES SHAREHOLDERS

This solicitation of proxies is not subject to the requirements of Section 14(a) of the *U.S. Exchange Act* by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the *U.S. Exchange Act*. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements and is being effected in accordance with the corporate laws of the province of British Columbia, Canada and the securities laws of the provinces of Canada. Persons who are who are resident in, or citizens of the United States (“U.S. residents”) should be aware that such requirements differ from those of the United States applicable to proxy statements under the *U.S. Exchange Act*.

This document does not address any income tax consequences of the disposition of the Corporation’s shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Corporation has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States. Such consequences for the Corporation’s U.S. resident Shareholders may not be described fully in this Circular.

The enforcement by the Corporation’s U.S. resident Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated or organized under the laws of a foreign country, in particular the *Business Corporations Act* (British Columbia) (the “BCA”), that some or all of their officers and directors and the experts named herein are residents of a foreign country and that the major assets of the Corporation are located outside the United States. U.S. resident Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each registered Shareholder and each Proxyholder have one vote, unless a poll or ballot is required (if the number of Shares represented by Proxies that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each registered Shareholder and Proxyholder is entitled to one vote for each Common Share held or represented, respectively.

Each Shareholder may instruct their Proxyholder how to vote their Shares by completing the blanks on the Proxy or VIF. If a poll or ballot is called in respect of a vote on any matter, all Shares represented at the Meeting by properly executed Proxies and VIFs will be voted or withheld from voting and, where a choice with respect to any matter to be acted upon has been specified in the Proxy or VIF, such Shares will be voted in accordance with such specification. **In the absence of any such specification on the Proxy or VIF as to voting, the Management Designees, if named as Proxyholder or nominee, will vote in favour of the matters set out therein on any poll or ballot that may be called.**

The Proxy or VIF confers discretionary authority upon the Management Designees, or other person named as Proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Corporation.

In order to approve a motion proposed at the Meeting a favourable vote of a simple majority of greater than half (being 50%) of the votes cast (an “ordinary resolution”) will be required; unless the motion requires approval by “special resolution” in which case a favourable majority of two-thirds (being 66.67%) of the votes cast will be required.

QUORUM

The Articles of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be at least one person who is, or who represents by proxy, one or more shareholders who, in aggregate, hold at least five percent of the issued Shares entitled to be voted at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Class A Common Shares (the “Shares”). As at the Record Date, the Corporation had 54,752,024 Shares issued and outstanding, of which 4,654,020 are held in escrow pursuant to a vesting schedule. There are no other authorized classes of shares and no other shares issued or outstanding of any class. The Shares are the only shares entitled to be voted at the Meeting, and holders of the Shares are entitled to one vote for each Share held.

To the knowledge of the directors and executive officers of the Corporation, there was no person, firm or company who beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to the Shares as at the Record Date.

STATEMENT OF EXECUTIVE COMPENSATION

As the Corporation first became a reporting issuer on February 1, 2016 when it commenced trading on the CSE, unless otherwise noted the following information is for the Corporation’s last completed financial

year, which ended August 31, 2016 and, since the Corporation has subsidiaries, is prepared on a consolidated basis.

Named Executive Officers

For the purposes of this Circular, a Named Executive Officer (“**NEO**”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Corporation during the most recently completed financial year;
- (b) a chief financial officer (“**CFO**”) of the Corporation during the most recently completed financial year; and
- (c) each of the Corporation’s three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, during the most recently completed financial year if their individual total compensation was more than \$150,000 for that financial year.

Based on the foregoing definition, during the last completed fiscal year of the Corporation, the Corporation had four NEOs, namely, Guy La Torre, current CEO, Michael Sadhra, CFO, Kal Malhi, President and Michael Costanzo, former CEO.

Compensation Discussion and Analysis

The Corporation does not have a compensation committee or a formal compensation policy and relies solely on the Board of Directors (the “Board”) to determine NEO compensation. In determining compensation, the Board considers industry standards and its financial situation but does not currently have any formal objectives or criteria. The performance of each NEO is informally monitored by the Board, who keep in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

The duties and responsibilities of the NEOs are typical of those of a business entity of the Corporation’s size in a similar business and include direct reporting responsibility to the Board, overseeing the activities of all other executive and management consultants, representing the Corporation, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

The Board is also responsible for recommending compensation for the directors and granting stock options to the directors, NEOs and employees of, and consultants to, the Corporation pursuant to the Corporation’s Stock Option Plan (defined below).

Compensation Components

Compensation paid to the Corporation’s NEOs consists of a base salary in the form of cash compensation, and long term incentive stock options. No specific formula is used to assign a specific weighting to these components. Instead, the Board considers the Corporation’s performance and assigns compensation based on this assessment.

In establishing compensation levels, the Board also relies on the experience of its members as officers and directors of other companies in similar lines of business as the Corporation. The purpose of this comparison to similar companies is to: (1) understand the competitiveness of current pay levels for each

executive position relative to companies with similar business characteristics; (2) identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and (3) establish a basis for developing salary adjustments and long-term incentive awards for the Board to consider and approve.

Base Salary

In establishing the base salary for NEOs, the Board considers the NEO's performance, level of expertise, responsibilities, length of service to the Corporation and comparable levels of remuneration paid to executives of other companies of comparable size and development. The financial and other resources of the Corporation are also considered since capital management is critical to the Corporation as a successful generator of business using Shareholders' funds. Using this information, together with budgetary guidelines the Board determines and sets the base salaries of the CEO, CFO and other NEOs.

The Board did not recommend and the Corporation did not increase base salaries during the fiscal year ending August 31, 2016, nor has it increased base salaries since August 31, 2016.

Long Term Compensation

Long term compensation is paid in the form of granting of stock options. The Board established the Option Plan to encourage share ownership and entrepreneurship on the part of the directors, management and employees. The Board believes that the Option Plan aligns the interests of the NEOs with the interests of Shareholders by linking a component of compensation to the longer term performance of the Shares.

All options granted to NEOs are approved by the Board. In monitoring stock option grants, the Board takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contributions to Shareholder value.

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

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each stock option; and
- the other materials terms and conditions of each stock option grant.

The Board makes these determinations subject to and in accordance with the provision of the Option Plan.

Compensation Risks

Neither the Board nor any committee of the Board considered the implications of the risks associated with the Corporation's compensation program during the most recently completed financial year. All of the Corporation's option-based awards for the benefit of executive officers were fully discretionary.

Hedging by Named Executive Officers or Directors

The Corporation has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each NEO and director, in any capacity, for its most recently completed financial year. No amounts are shown for the fiscal year ended August 31, 2015 as the Corporation did not become a reporting issuer until February 1, 2016, when the Corporation began trading on the Canadian Securities Exchange (the “CSE”).

Table of compensation excluding compensation securities							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Guy La Torre CEO ⁽¹⁾ , Director	2016	45,261	0	0	0	0	45,261
Michael Sadhra CFO, Director	2016	45,309	0	0	0	0	45,309
Michael Costanzo Chief Technology Officer, Former CEO ⁽¹⁾	2016	112,684	0	0	0	0	112,682
Kal Malhi President, Director	2016	201,237	0	0	0	0	201,237
Raj Attariwala Director	2016	15,928	0	0	0	0	15,928
David Levine Director	2016	0	0	0	0	0	0

Note:

- (1) Mr. La Torre was appointed CEO of the Company on June 20, 2016 in place of Mr. Costanzo who resigned. Mr. Costanzo was appointed Chief Technology Officer on the same date.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Company for services provided or to be provided, directly or indirectly, to the Company as at August 31, 2016.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (# / %)	Date of issue or grant (mm/dd/yyyy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Guy La Torre CEO ⁽¹⁾ , Director	Stock Option	250,000 / 100%	08/30/2016	0.25	0.25	0.25	08/30/2021
Michael Sadhra CFO, Director	Stock Option	400,000 / 10.67%	02/01/2016	0.25	N/A ⁽³⁾	\$0.25	02/01/2021
Kal Malhi President, Director	Stock Option	975,000 / 26.0%	02/01/2016	0.25	N/A ⁽³⁾	\$0.25	02/01/2021
Michael Costanzo Chief Technology Officer ⁽²⁾ Former CEO and Former Director	Stock Option	250,000 / 6.67%	02/01/2016	0.25	N/A ⁽³⁾	0.25	02/01/2021
Raj Attariwala Director	Stock Option	250,000 / 6.67%	02/01/2016	0.25	N/A ⁽³⁾	0.25	02/01/2021
David Levine Director	Stock Option	400,000 / 10.67%	02/01/2016	0.25	N/A ⁽³⁾	0.25	02/01/2021

Notes:

- (1) Mr. La Torre was appointed CEO of the Corporation on June 20, 2016.
- (2) Mr. Costanzo resigned as CEO and Director of the Corporation on June 20, 2016 and was then appointed Chief Technology Officer.
- (3) The Corporation's Shares commenced trading on the CSE on February 1, 2016.

Exercise of Stock Options

During the financial year ended August 31, 2016 there was no exercise of any compensation securities by any NEO or director of the Corporation.

Stock Option Plans and Other Incentive Plans

The Board and the shareholders of the Corporation adopted a stock option plan (the "**Option Plan**") on September 11, 2015, by consent resolutions, pursuant to which the Board may grant options (the "**Options**") to purchase Shares to NEOs, directors and employees of the Corporation or affiliated corporations and to consultants retained by the Corporation.

The purpose of the Option Plan is to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in the Corporation and benefit from the Corporation's growth. Under the Option Plan, the maximum

number of Shares reserved for issuance, including Options currently outstanding, is equal to 10% of the issued and outstanding Shares from time to time (the “10% Maximum”). The rolling 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any Options, a number of Shares equivalent to the number of Options so exercised, terminated, cancelled or expired would become available for reserve for issuance in respect of future Option grants.

The number of Shares which may be the subject of Options on a yearly basis to any one person cannot exceed 5% of the number of issued and outstanding Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Corporation exercisable at a price which is not less than the market price of Shares on the date of the grant. The directors of the Corporation may, by resolution, determine the time period during which any Option may be exercised (the “Exercise Period”), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Shares may be listed. All Options will terminate on the earliest to occur of: (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) 90 days (or such other period of time as permitted by any rule or regulation of such exchange on which the Shares may be listed) following the date of termination of an optionee’s position as a director or NEO, if terminated for any reason other than the optionee’s disability or death; and (d) 30 days following the date of termination of an optionee’s position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee’s disability, death, or just cause.

Options are non-assignable and non-transferable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be a NEO, director, employee, consultant, affiliate, or subsidiary of the Corporation, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Option Plan, the Board is authorized to provide for the granting of Options and the exercise and method of exercise of options granted under the Option Plan.

Employment and Consulting Agreements

Guy La Torre

The Corporation entered into an Executive Employment Agreement (the “La Torre Agreement”) dated July 1, 2016 with Guy La Torre whereby he was retained to act as the Corporation’s CEO. The La Torre Agreement provides for the remuneration of Mr. La Torre at the rate of US\$8,000 per month (the “Base Fee”). The Corporation may terminate the La Torre Agreement without any notice or any payment in lieu of notice for just cause. Mr. La Torre may terminate the La Torre Agreement for any reason by providing one month’s notice in writing to the Corporation. The Corporation may waive or abridge any notice period specified in such notice, in its absolute discretion. In the event the La Torre Agreement is terminated by the Corporation other than for just cause or is terminated by Mr. La Torre for good reason, then the Corporation will pay Mr. La Torre an amount equal to the Base Fee in effect at the date of termination for each complete year of service completed by Mr. La Torre.

In addition to the remuneration payable under the La Torre Agreement, the Corporation may grant stock options to Mr. La Torre.

Michael Costanza

The Corporation entered into a Management Agreement (the “Costanza Agreement”) dated August 15, 2015 with Michael Costanza, the former CEO of the Corporation. The Costanza Agreement provided for the remuneration of Mr. Costanza at the rate of US \$6,700 per month. Additionally, the Corporation also paid a monthly payment of US\$374.74 per month to Mr. Costanza for health and insurance benefit

coverage. Mr. Costanza resigned as CEO of the Corporation on June 20, 2016 at which time the Costanza Agreement was terminated.

Oversight and Description of Director Compensation

In the Board's view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors. While the Board considers Option grants to directors under the Option Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of Options. Other than the Option Plan, as discussed above, the Company does not offer any long term incentive plans, share compensation plans or any other such benefit programs for directors.

Pension Plan Benefits

The Corporation does not have a pension plan or deferred compensation plan.

Termination and Change of Control Benefits

Other than described above under '*Summary Compensation Table – Employment and Consulting Agreements*', the Corporation has not provided or agreed to provide any compensation to any NEOs as a result of a change of control of the Corporation, its subsidiaries or affiliates.

CORPORATE GOVERNANCE

Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") of the CSA, the Corporation must annually disclose certain information regarding its corporate governance practices, and such information is discussed below.

Board of Directors

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

The Board sets long term goals and objectives for the Corporation and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Corporation to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Corporation and its business. The Board is responsible for protecting Shareholder's interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Corporation's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term

strategy, and organizational development plans. Management of the Corporation is authorized to act without Board approval, on all ordinary course matters relating to the Corporation's business.

The Board also monitors the Corporation's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for selecting the CEO, President and other senior management and for monitoring their performance.

The Board considers that the following directors are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholding: David Levine, and Raj Attariwala. The Board considers that Kal Malhi, President of the Corporation, Guy La Torre, CEO of the Corporation, and Michael Sadhra, the Chief Financial Officer of the Corporation are not independent because they are members of management.

Directorships

Certain of the directors are presently a director of one or more other public companies, as follows:

Director	Other Issuer
Kal Malhi	Cannabix Technologies Inc.
Michael Sadhra	Cairo Resources Inc. Finore Mining Inc.
Guy La Torre	Nil
Raj Attariwala	Cannabix Technologies Inc.
David Levine	Nil

Orientation and Continuing Education

The Board takes the following measures to ensure that all new directors receive a comprehensive orientation regarding their role as a member of the Board, its committees and its directors, and the nature and operation of the Corporation.

The first step is to assess a new director's set of skills and professional background since each new director brings a different skill set and professional background. Once that assessment has been completed, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director.

The second step is taken by one or more existing directors, who may be assisted by the Corporation's management, to provide the new director with the appropriate orientation through a series of meetings, telephone calls and other correspondence.

Ethical Business Conduct

The Board seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board

- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements.
- is cognizant of the Corporation's timely disclosure obligations and reviews material disclosure documents such as financial statements, Management's Discussion & Analysis (MD&A) and press releases prior to distribution.
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation's external auditor.
- actively monitors the Corporation's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict of interest provisions of the BCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual general meeting of the shareholders.

Other Board Committees

The Board has no committees other than the Audit Committee.

Assessments

The Board has not established a process to regularly assess the Board and its Audit Committee with respect to their effectiveness and contribution. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on each director's assessment of the performance of the Board, its committee or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the original purpose of nominating that individual to the Board.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian securities administrators requires the Corporation's Audit Committee to meet certain requirements. It also requires the Corporation to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of the Board is principally responsible for

- recommending to the Board the external auditor to be nominated for election by the Corporation's shareholders at each annual general meeting and negotiating the compensation of such external auditor.
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Corporation's financial reporting.
- pre-approving all non-audit services to be provided to the Corporation's, by the auditor.
- reviewing the Corporation's annual and interim financial statements, Management's Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Corporation.
- reviewing the Corporation's financial reporting procedures and internal controls to ensure adequate procedures are in place for the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Corporation's auditor reports directly to the Audit Committee.

The Audit Committee Charter

The Board has adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee Charter is attached as Schedule A to this Circular.

Composition of the Audit Committee

The Audit Committee consists of three directors. As the Corporation is a 'Venture Issuer' as defined under NI 52-110 it is exempt from Part 3 – *Composition of the Audit Committee* and, in particular the financial literacy and independence obligations contained therein. In addition, the Corporation's governing corporate legislation requires the Corporation to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation. The Audit Committee complies with this requirement.

The following table sets out the names of the members of the Audit Committee and whether they are 'independent' and 'financially literate'.

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Michael Sadhra	No	Yes
Raj Attariwala	Yes	Yes
David Levine (Chairman)	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Committee must not have any direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting;

are detailed as follows:

Name of Member	Education	Experience
Michael Sadhra	Bachelor of Commerce University of British Columbia 1991 Chartered Accountant Institute of Chartered Accountants of British Columbia 2001	Mr. Sadhra has worked in the financial field for over 20 years and was employed by global audit, tax and advisory services firm KPMG LLP from 1999 to 2006 where he served as a senior tax manager from 2003-2006
Raj Attariwala	University of British Columbia with periods of specialized medical training at Memorial Sloan Kettering Cancer Centre (New York), UCLA and USC PhD in Biomedical Engineering Northwestern University (Evanston, IL)	Dr. Attariwala is a dual board certified Radiologist and Nuclear Medicine physician certified in both Canada and the United States. He is a practising physician in British Columbia, Canada and owner of AIM Medical Imaging. He has pioneered advances in the field of whole body medical imaging and authored numerous publications and presented at international medical conferences on whole body imaging and cancer detection.
David Levine (Chairman)	Bachelor of Science Kelly School of Business at Indiana University	Mr. Levine has been operating and investing in companies in the technology and life sciences markets for over 25 years. He has obtained FDA approvals for market entry for medical devices and pharmaceutical products and has advised and executed on multiple merger and acquisition transactions in the life science arena.

Complaints

If a particular individual, being a Shareholder or an Insider of the Corporation (an “**applicable individual**”), has any concerns about accounting, audit, internal controls or financial reporting matters

which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “*To be opened by the Audit Committee only*”. Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Corporation will be forwarded promptly and unopened to the Chair of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

The Audit Committee did not receive any complaints during the last completed financial year.

Audit Committee Oversight

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

Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Corporation’s auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor’s annual fees charged to the Corporation, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year’s audit), or
2. an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section 4.1 – *Duties and Responsibilities* of the Audit Committee Charter.

External Auditor Service Fees (By Category)

The audit committee has reviewed the nature and amount of the non-audit services provided by the Corporation’s current auditor Smythe LLP, Chartered Professional Accountants, to ensure auditor

independence during the financial year ended August 31, 2016; and the non-audit services provided by the former auditor, James Stafford, Inc., Chartered Professional Accountants, to ensure auditor independence during the financial year ended August 31, 2015. Fees incurred for audit and non-audit services in the last two fiscal years are outlined in the following table.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
August 31, 2016	19,000	Nil	Nil	17,500
August 31, 2015	6,892	Nil	Nil	2,983

Notes:

- (1) The aggregate fees billed by each of the Corporation’s former auditor and the successor auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and are not disclosed in the “Audit Fees” column.
- (3) The aggregate fees billed for professional services rendered by each of the Corporation’s former auditor and the successor auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns. These fees are related to the Plan of Arrangement with Petro Basin Energy Corp.

Audit Committee Exemption

Since the Corporation is a Venture Issuer it relies on the exemption in section 6.1 of NI 52-110 from the requirements of Part 3 – *Composition of the Audit Committee* (as described in ‘Composition of the Audit Committee’ above) and Part 5 – *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Corporation’s Annual Information Form, if any, and this Circular).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at the end of the Corporation’s last completed financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all shareholders) granted by the Corporation under its equity compensation plans.

Equity Compensation Plan Information

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans
Equity compensation plans approved by shareholders	3,720,000	\$0.25	252,520
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	3,720,000	\$0.25	252,520

Note:

- (1) Assuming outstanding options, warrants and rights are fully vested.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or who at any time during the last completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Corporation or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

Other than as disclosed in this Circular, the Corporation is not aware of any material interest of any executive officer, director or nominee for director, or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors except for the current and future directors and executive officers of the Corporation and its subsidiaries, if any, inasmuch as, in the following year, they may be granted options to purchase Shares pursuant to the Option Plan, ratification of which will be sought at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein and in the Corporation's Management's Discussion & Analysis for the last financial year, a copy of which is filed on SEDAR at www.sedar.com and which, upon request, the Corporation will promptly provide to any Shareholder free of charge (see *Additional Information* below), there are no material interests, direct or indirect, of current directors, executive officers, any persons nominated for election as directors, or any Shareholder who beneficially owns, directly or indirectly, more than 10 percent of the outstanding Shares, or any known associates or affiliates of such persons, in any transaction within the last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Financial Statements, Audit Report and Management's Discussion & Analysis

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the Management's Discussion & Analysis for the fiscal year ended August 31, 2016 a copy of which will be tabled at the Meeting for presentation to the Shareholders. No approval or other action needs to be taken at the Meeting in respect of these documents.

2. Election of Directors

Pursuant to Article 13.1(b)(i) the Board has set the number of directors to be elected to the Board at five. The Corporation currently has five (5) directors and the Board is nominating an equal number of directors for election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's province or state and country of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number of

Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Record Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors. Each director elected will hold office until the next annual general meeting of the Shareholders or until their successor is duly elected or appointed, unless their office is vacated earlier in accordance with the Articles of the Corporation or the provisions of the corporate law to which the Corporation is subject.

Name and Province or State & Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation⁽¹⁾ During the Past Five Years	Number of Shares⁽¹⁾
Michael Sadhra⁽²⁾ British Columbia, Canada	Director since October 26, 2015	Chief Financial Officer of the Corporation since October 2015; Chief Financial Officer of Finore Mining Inc. since October 2016; Partner of Sadhra & Chow LLP since May 2009.	916,667
Kal (Kulwant) Malhi British Columbia, Canada	President, Director since October 26, 2015	President of the Corporation since October 2015; President of Bullrun Group Inc., a private investment company since 2008.	216,000
Raj Attariwala⁽²⁾ British Columbia, Canada	Director since October 26, 2015	Radiologist at Aim Medical Imaging Inc. since 2009.	2,000,000
Guy La Torre Florida, United States of America	Director since August 30, 2016	CEO of the Corporation since June 2016. Independent Business Development Consultant for Medical Device Companies since Jan 2011.	216,000
David Levine⁽²⁾ British Columbia, Canada	Director since October 26, 2015	CEO of R1 Ventures since October, 2015; CEO of North America, Gaxys GmbH since July 2010. Vice President, Corum Group Since December 2015.	Nil

Notes:

- (1) Number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the Record Date.
- (2) Member of the Audit Committee.

None of the director nominees proposed for election is to be elected under any arrangement or understanding between the proposed director and the Corporation or a third party (other than the directors and executive officers of the Corporation acting in that capacity).

Pursuant to the provisions of the BCA the Corporation is required to have an Audit Committee. The members of Audit Committee are indicated above.

No proposed director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any Corporation (including the

Corporation) that was the subject of a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued

- (i) while the proposed director was acting as a director, chief executive officer or chief financial officer of that Corporation, or
 - (ii) after the proposed director ceased to be a director, chief executive officer or chief financial officer of that Corporation but resulted from an event that occurred while acting in such capacity;
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any Corporation (including the Corporation) that while acting in that capacity or within a year of ceasing to act in that capacity, become 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 the assets of the proposed director.
- (c) has, within the 10 years before the date of this, 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 their assets;
- (d) has entered into, at any time, a settlement agreement with a securities regulatory authority; or
- (e) has been subject to, at any time, any penalties or sanctions imposed by
- (i) a court relating to securities legislation or a securities regulatory authority, or
 - (ii) a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

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

3. Appointment of Auditor

Management of the Corporation will nominate Smythe LLP, Chartered Professional Accountants, of Vancouver, British Columbia, at the Meeting for appointment as auditor of the Corporation to hold office until the close of the next annual general meeting of the Shareholders.

The Board resolved on October 17, 2016 that James Stafford, Inc., Chartered Professional Accountants, not be proposed for appointment as the auditor of the Corporation, and following the resignation of James Stafford, Inc., Chartered Professional Accountants, Smythe LLP, Chartered Professional Accountants were concurrently appointed as the auditor of the Corporation. As a result Smythe LLP, Chartered Professional Accountants audited the Corporation's annual financial statements for the fiscal year ended August 31, 2016; and James Stafford, Inc., Chartered Professional Accountants, had previously prepared the annual financial statements for the fiscal year ended August 31, 2015, prior to the Corporation becoming a reporting issuer. The financial statements prepared for the financial year ended August 31, 2016 were filed on December 22, 2016 under the Corporation's SEDAR profile. The Notice of Change of Auditor together with letters from Smythe LLP, Chartered Professional Accountants and James Stafford, Inc., Chartered Professional Accountants respecting the change of auditor were also filed under

the Corporation's SEDAR profile on November 21, 2016, and copies of the change of auditor documents are also attached hereto as Schedule B.

The Board recommends that Shareholders vote in favour of the proposed auditor Smythe LLP, Chartered Professional Accountants. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the appointment of Smyth LLP, Chartered Professional Accountants, as the Corporation's auditor.

4. Ratification of Stock Option Plan

The Board has adopted the Option Plan as described under '*Executive Compensation – Description of Stock Option Plan*'.

The Board and Management of the Corporation consider it to be in the best interests of the Corporation and that it is good corporate practice to seek Shareholder approval for the Option Plan as described under '*Executive Compensation – Description of Stock Option Plan*' above. The TSX Venture Exchange, a senior exchange to the CSE requires annual approval of continuation of any rolling option plans, and consequently, the Board and Management also consider it a good corporate practice to seek Shareholder approval for continuation of the Option Plan on an annual basis. Accordingly the Corporation will present the following ordinary resolution to the Shareholders for consideration and approval at the Meeting:

“RESOLVED that the Stock Option Plan, approved and adopted by the Corporation's Board of Directors on, and dated for reference September 11, 2015, be and is hereby ratified and approved until the next annual general meeting of the Corporation.”

Following approval of the Option Plan by the Shareholders, any options granted pursuant to the Option Plan will not require further shareholder or Exchange approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

The Board recommends that Shareholders vote in favour of the proposed resolution. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Option Plan.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the Shareholders at the Meeting, **it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation at Suite 915, 700 West Pender Street, Vancouver, British Columbia V6C 1X8, Canada by mail, telephone (1-604-646-1553) or e-mail (msadhra@sadhrachow.com) to request copies of the Corporation's financial statements and MD&A.

Financial information for the Corporation's most recently completed financial year is provided in its comparative financial statements and MD&A which are filed on SEDAR.

DATED this 27th day of February, 2017.

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "MICHAEL SADHRA"

Michael Sadhra
Chief Financial Officer

SCHEDULE A

Audit Committee Charter

of

BREATHTEC BIOMEDICAL, INC.

1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1 This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Breathtec BioMedical, Inc. (the "**Company**"), annual evaluation and compliance with this charter.

1.2 The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

2. MEMBERSHIP

2.1 At least one of the members of the Audit Committee must be an independent director of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

2.2 The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

2.3 The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

2.4 The Chair of the Audit Committee will be appointed by the Board.

3. AUTHORITY

3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

- (a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
- (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
- (c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

4. DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board the external auditor to be nominated by the Board;
- (b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
- (c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;
- (f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
- (g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

- (h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis (“MD&A”), including the appropriateness of the Company’s accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
- (i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- (j) reviewing and discussing with management and the external auditor the external auditor’s written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
- (k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
- (l) reviewing the external auditor’s report to the shareholders on the Company’s annual financial statements;
- (m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor’s report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
- (n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements that such information is fairly presented;
- (o) overseeing the adequacy of the Company’s system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management’s remediation of identified weaknesses;
- (p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- (q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
- (r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company’s legal advisors on the functioning of the disclosure

compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

- (s) resolving disputes between management and the external auditor regarding financial reporting;
- (t) establishing procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
- (x) establishing procedures for:
 - (i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
 - (ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
 - (iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
 - (iv) reviewing fraud prevention policies and programs, and monitoring their implementation;
 - (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
 - (A) Tax and financial reporting laws and regulations;
 - (B) Legal withholding requirements;
 - (C) Environmental protection laws and regulations;
 - (D) Other laws and regulations which expose directors to liability; and

4.2 A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

4.3 On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

5. MEETINGS

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

5.2 The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

5.3 The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

5.4 The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.5 The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.6 Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

6.1 The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

6.2 The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

7. MINUTES

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

8. ANNUAL PERFORMANCE EVALUATION

8.1 The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

November 17, 2016

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs:

**Re: Breathtec Biomedical, Inc. (the “Company”)
Change of Auditor**

We are writing in accordance with Section 4.11(6)(a)(ii)(B) of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”). We wish to confirm that we have read the Notice of Change of Auditor of the Company dated November 14, 2016 and that based on our current knowledge we are in agreement with the information contained in such Notice.

Yours very truly,



Chartered Professional Accountants

Vancouver

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

T: 604 687 1231
F: 604 688 4675

Langley

305 – 9440 202 St
Langley, BC V1M 4A6

T: 604 282 3600
F: 604 888 9807

Nanaimo

201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1

T: 250 755 2111
F: 250 751 3384

JAMES STAFFORD

James Stafford, Inc.
Chartered Professional Accountants
Suite 350 – 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
www.JamesStafford.ca

18 November 2016

British Columbia Securities Commission

9th Floor, 701 West Georgia Street
Vancouver, BC V7Y 1L2

Alberta Securities Commission

600 – 250 5th Street SW
Calgary, AB T2P 0R4

Ontario Securities Commission

20 Queen Street West
Toronto, ON M5H 3S8

**Subject: Notice of Change of Auditor of Breathtec Biomedical, Inc. (the
“Company”)**

Dear Sirs:

As required by National Instrument 51-102, we have reviewed the information contained in the Company’s Notice of Change of Auditor dated 14 November 2016 and hereby confirm our agreement with the information contained in the Notice. The confirmation is based on our knowledge of the information as at the date of this letter.

We understand that the Notice of Change of Auditor, along with this letter and a similar letter from Smythe LLP, Chartered Professional Accountants, will be filed with the securities regulatory authorities and provided to the Company’s registered shareholders with the meeting materials relating to the Company’s next annual general meeting of shareholders.

Yours truly,

JAMES STAFFORD

“Bradley Stafford”

Per:

J. Bradley Stafford
CPA, CA