

**JOINT MANAGEMENT INFORMATION CIRCULAR**

**CARRARA EXPLORATION CORP.**

**AND**

**PREVECEUTICAL MEDICAL INC.**

**Notice of Annual General and Special Meeting of  
Shareholders of Carrara Exploration Corp.**

**Place: Suite 1170, 1040 West Georgia Street  
Vancouver, British Columbia  
Canada, V6E 4H1**

**Time: 10:00 a.m.**

**Date: Friday, May 19, 2017**

**Notice of Special Meeting of Shareholders of  
PreveCeutical Medical Inc.**

**Place: 5347 Kew Cliff Road  
West Vancouver, British Columbia  
Canada, V7W 1M3**

**Time: 2:00 p.m.**

**Date: Friday, May 12, 2017**

April 24, 2017

Unless otherwise stated, the information herein is current as of April 24, 2017.



**CARRARA EXPLORATION CORP.**  
Suite 200, 551 Howe Street  
Vancouver, British Columbia, V6C 2C2

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF CARRARA SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "**Carrara Meeting**") of shareholders of Carrara Exploration Corp. ("**Carrara**") will be held at the offices of Lotz & Company, Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, Canada on Friday, May 19, 2017 at 10:00 a.m. (Pacific Daylight Time) for the following purposes:

1. to receive and consider the financial statements of Carrara for the financial year ended July 31, 2016, together with the report of the auditor thereon;
2. to consider and, if thought advisable, to pass an ordinary resolution ratifying and approving Carrara's stock option plan (a copy of which stock option plan is available under Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com));
3. to consider and, if thought advisable, to pass, with or without variation an ordinary resolution (the "**RTO Resolution**") approving the proposed acquisition of PreveCeutical Medical Inc. ("**PMI**") and the corresponding reverse take-over of Carrara by PMI;
4. provided that the RTO Resolution is passed, to consider and, if thought advisable, to pass a special resolution approving the consolidation of Carrara's currently issued and outstanding common shares on the basis of one (1) post-Consolidation share for every three (3) pre-Consolidation shares with a corresponding and equal consolidation of Carrara's issued and outstanding Carrara Stock Options and Agent's Options, in accordance with the terms and conditions of such options;
5. provided that the RTO Resolution is passed, to consider and, if thought advisable, to appoint Buckley Dodds Parker LLP, Chartered Professional Accountants, as the auditor of Carrara for the ensuing year and to authorize the directors to fix the auditor's remuneration; otherwise to re-appoint Manning Elliott LLP, Chartered Professional Accountants, as the auditor of Carrara for the ensuing year and to authorize the directors to fix the auditor's remuneration;
6. provided that the RTO Resolution is passed, to fix the number of directors of Carrara at five (5); otherwise to fix the number of directors at four (4);
7. provided that the RTO Resolution is passed, to elect those directors as set forth in the Information Circular, for the ensuing year; otherwise to re-elect the incumbent directors; and
8. to transact such other business as may properly come before the meeting or any adjournment thereof.

The accompanying joint management information circular (the "**Information Circular**") provides additional information relating to the matters to be dealt with at the Carrara Meeting and forms part of this notice. Capitalized words and terms not otherwise defined in this notice have the same meanings set forth in the Information Circular.

The directors of Carrara have fixed April 12, 2017 as the record date for the Meeting (the "**Carrara Record Date**"). Only Carrara Shareholders of record at the close of business on the Carrara Record Date are entitled to vote at the Carrara Meeting or any adjournment or postponement thereof.

If you are a registered Carrara Shareholder and are unable to attend the Carrara Meeting in person, please exercise your right to vote by completing and returning the accompanying form of Proxy and deposit it with TSX Trust Company. Proxies must be completed, dated, signed and returned to TSX Trust Company, at Suite 300, 200 University Avenue, Toronto, Ontario, Canada, M5H 4H1 by 10:00 a.m. (Pacific Daylight Time) on May 17, 2017, or if the Carrara Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Carrara Meeting is adjourned or postponed. **Fax votes can be sent to 1-416-595-9593 and Internet voting can be completed at [www.voteproxyonline.com](http://www.voteproxyonline.com).**

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the

Meeting is under no obligation to accept or reject any particular late Proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

If you are a non-registered holder of common shares, please follow the instructions from your bank, broker or other financial intermediary on how to vote your shares.

Registered Carrara Shareholders have the right to dissent with respect to the RTO Resolution and if the RTO Resolution becomes effective, to be paid the fair value of their common shares in accordance with Sections 237 to 247 of Division 2 of Part 8 of the British Columbia *Business Corporations Act* (the "**BCBCA**"). A registered Carrara Shareholder's right to dissent is more particularly described in Schedule "A" attached to the Information Circular, which sets forth the complete text of Sections 237 to 247 of Division 2 of Part 8 of the BCBCA. A dissenting Carrara Shareholder must deliver to Carrara's head office at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2, Attention: Robert Coltura, Chief Financial Officer and Secretary, a written objection to the RTO Resolution at or prior to the Carrara Meeting or any adjournment thereof in order to be effective.

It is strongly recommended that Carrara Shareholders desiring to exercise rights of dissent seek independent legal advice as the failure to strictly comply with the requirements set forth in Sections 237 to 247 of Division 2 of Part 8 of the BCBCA may result in the loss of any right to dissent. **Persons who are beneficial owners of common shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of common shares are entitled to dissent. Accordingly, a beneficial owner of common shares desiring to exercise the right to dissent must make arrangements for the common shares beneficially owned by such owner to be registered in such owner's name prior to the time the written objection to the RTO Resolution is required to be received by Carrara or, alternatively, make arrangements for the registered Carrara Shareholder to dissent on behalf of such owner.**

DATED at Vancouver, British Columbia, this 24th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ Robert Coltura*

Robert Coltura  
Chief Financial Officer, Corporate Secretary and Director

**PREVECEUTICAL MEDICAL INC.**  
5347 Kew Cliff Road  
West Vancouver, British Columbia, V7W 1M3

**NOTICE OF SPECIAL MEETING OF PMI SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that a special meeting (the "**PMI Meeting**") of shareholders of PreveCeutical Medical Inc. ("**PMI**") will be held at the offices of PMI at 5347 Kew Cliff Road, West Vancouver, British Columbia, Canada on Friday, May 12, 2017 at 2:00 p.m. (Pacific Daylight Time) for the following purposes:

1. to consider and, if thought advisable, to pass with or without variation, a special resolution (the "**Amalgamation Resolution**") approving the amalgamation of PMI and Subco (the "**Amalgamation**") substantially on the terms and conditions set forth in the Amalgamation Agreement (as defined in the Information Circular); and
2. to transact such other business as may properly come before the meeting or any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the PMI Meeting and forms part of this notice. Capitalized words and terms not otherwise defined in this notice have the same meanings set forth in the Information Circular.

The directors of PMI have fixed May 1, 2017 as the record date for the PMI Meeting (the "**PMI Record Date**"). Only PMI Shareholders of record at the close of business on the PMI Record Date are entitled to vote at the PMI Meeting or any adjournment or postponement thereof.

If you are a registered holder of common shares of PMI and unable to attend the PMI Meeting in person, please exercise your right to vote by completing and returning the accompanying form of Proxy and deposit it with PMI. Proxies must be completed, dated, signed and returned to PMI at 5347 Kew Cliff Road West Vancouver, British Columbia, V7W 1M3 by 2:00 p.m. (Pacific Daylight Time) on May 10, 2017, or if the PMI Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the PMI Meeting is adjourned or postponed.

Late proxies may be accepted or rejected by the Chairman of the PMI Meeting at his discretion and the Chairman of the PMI Meeting is under no obligation to accept or reject any particular late Proxy. The Chairman of the PMI Meeting may waive or extend the proxy cut-off without notice.

If you are a non-registered holder of common shares, please follow the instructions from your bank, broker or other financial intermediary on how to vote your shares.

Registered PMI Shareholders have the right to dissent with respect to the Amalgamation Resolution and if the Amalgamation Resolution becomes effective, to be paid the fair value of their class A common shares in accordance with Sections 237 to 247 of Division 2 of Part 8 of the BCBCA. A registered PMI Shareholder's right to dissent is more particularly described in Schedule "A" attached to the Information Circular, which sets forth the complete text of Sections 237 to 247 of Division 2 of Part 8 of the BCBCA. A dissenting PMI Shareholder must deliver to PMI's head office at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3, Attention: Shabira Rajan, Chief Financial Officer and Controller, a written objection to the Amalgamation Resolution at or prior to the PMI Meeting or any adjournment thereof in order to be effective.

It is strongly recommended that PMI Shareholders desiring to exercise rights of dissent seek independent legal advice as the failure to strictly comply with the requirements set forth in Sections 237 to 247 of Division 2 of Part 8 of the BCBCA may result in the loss of any right to dissent. **Persons who are beneficial owners of common shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of common shares are entitled to dissent. Accordingly, a beneficial owner of common shares desiring to exercise the right to dissent must make arrangements for the common shares beneficially owned by such owner to be registered in such owner's name prior to the time the written objection to the Amalgamation Resolution is required to be received by PMI or, alternatively, make arrangements for the registered PMI Shareholder to dissent on behalf of such owner.**

DATED at Vancouver, British Columbia, this 24th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ Stephen Van Deventer*

Stephen Van Deventer  
Chief Executive Officer and Chairman of the Board

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## GLOSSARY OF DEFINED TERMS

The following words and terms used in this Information Circular have the meanings set forth below:

"**affiliate**" has the meaning ascribed thereto under the BCBCA;

"**Agent's Options**" means the common share agent's options issued by Carrara to Haywood Securities Inc. and certain other designees of Haywood Securities Inc. in connection with the initial public offering of the Carrara Shares and pursuant to an agency agreement dated November 29, 2016.

"**Amalco**" means the amalgamated corporation following the merger of Subco and PMI, which will be a wholly-owned subsidiary of the Resulting Issuer and which will be named "PreveCeutical Medical Holdings Inc." or such other name as may be agreed to by Carrara and PMI;

"**Amalco Shares**" means the authorized common shares without par value in the capital of Amalco;

"**Amalgamation**" means the merger of Subco and PMI to be completed pursuant to the BCBCA and the terms and conditions of the Amalgamation Agreement, the effect of which will be that all of the securityholders of PMI will become securityholders of the Resulting Issuer and Amalco will be a wholly-owned subsidiary of the Resulting Issuer;

"**Amalgamation Agreement**" means the amalgamation agreement dated March 21, 2017 entered into between Carrara, Subco and PMI;

"**Amalgamation Resolution**" means the special resolution of the PMI Shareholders to be considered at the PMI Meeting approving the Amalgamation;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Board**" or "**Board of Directors**" means the board of directors of Carrara, PMI or the Resulting Issuer, as applicable;

"**Carrara**" means Carrara Exploration Corp.;

"**Carrara Financing**" means a non-brokered private placement by Carrara of units (the "**Units**") at \$0.50 per Unit for gross proceeds of at least \$1 million to up to \$5 million, with each Unit consisting of one Carrara Share and one transferrable common share purchase warrant, with each warrant entitling the holder to purchase one Carrara Share at the exercise price of \$1.00 per Carrara Share for a period of 24 months after the date of issuance of the Unit; provided that, if the closing price of the Carrara Shares on the Exchange is at least \$1.50 or more per share for 10 consecutive Business Days, then Carrara shall have the option of accelerating the expiration date for the exercise of said warrants by giving at least 14 Business Days' written notice to the holders thereof prior to the date of such accelerated expiration;

"**Carrara Meeting**" means the annual general and special meeting of the Carrara Shareholders to be held on May 19, 2017, including any adjournment or postponement thereof, to consider the RTO Resolution and Consolidation Resolution and other purposes as set out in this Information Circular;

"**Carrara Record Date**" means Wednesday, April 12, 2017;

"**Carrara Shareholders**" means the holders of the issued and outstanding Carrara Shares as at the Carrara Record Date;

"**Carrara Shares**" means the authorized common shares without par value in the capital of Carrara, as presently constituted and after giving effect to the Consolidation;

"**Carrara Stock Options**" means the common share incentive stock options issued under Carrara's 2016 stock option plan, each entitling the holder to one Carrara Share;

"**Consolidation**" means the consolidation of Carrara's issued and outstanding common shares on the basis of one (1) post-consolidation Carrara Share for every three (3) pre-consolidation Carrara Shares, together with a corresponding and equal consolidation of Carrara's issued and outstanding Carrara Stock Options and Agent's Options, in accordance

with the terms and conditions of such options;

"**Consolidation Resolution**" means the special resolution of the Carrara Shareholders to be considered at the Carrara Meeting, approving the Consolidation;

"**Exchange**" means the Canadian Securities Exchange;

"**Information Circular**" means this joint management information circular, together with all appendices and schedules attached hereto and including the summary hereof;

"**PMI**" means PreveCeutical Medical Inc.;

"**PMI Meeting**" means the special meeting of the PMI Shareholders to be held on May 12, 2017, including any adjournment or postponement thereof, to consider the Amalgamation Resolution and other purposes as set out in this Information Circular;

"**PMI Record Date**" means Monday, May 1, 2017;

"**PMI Shares**" means the authorized Class A common shares without par value in the capital of PMI, as presently constituted;

"**PMI Shareholders**" means the holders of the issued and outstanding PMI Shares as at the Record Date;

"**PMI Stock Options**" means the Class A common share incentive stock options issued under PMI's stock option plan, each entitling the holder to one PMI Share;

"**Proposed Transaction**" means collectively, the Amalgamation and the RTO;

"**Resulting Issuer**" means Carrara upon the completion of the Proposed Transaction, which will be known as PreveCeutical Medical Inc.;

"**Resulting Issuer Shares**" means the authorized common shares in the capital of the Resulting Issuer;

"**RTO**" means the reverse take-over of Carrara by PMI, which reverse take-over will be effected by: (i) the completion of the Amalgamation and (ii) the cancellation of the PMI Shares and the issuance of an equal number of Carrara Shares to the former PMI securityholders;

"**RTO Resolution**" means the ordinary resolution of the Carrara Shareholders to be considered at the Carrara Meeting, approving the RTO;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of public companies and investment funds across Canada, available at [www.sedar.com](http://www.sedar.com); and

"**Subco**" means 1110607 B.C. Ltd., a wholly-owned subsidiary of Carrara.

## **SUMMARY**

*The following is a summary of information relating to Carrara, PMI and the Resulting Issuer (assuming completion of the Proposed Transaction) and the Proposed Transaction contained elsewhere in this Information Circular. This information should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular or incorporated by reference herein. Carrara and PMI Shareholders are encouraged to read this Information Circular carefully and in its entirety. Capitalized words and terms in this summary have the same meanings as set forth in the Glossary of Terms and elsewhere in this Information Circular.*

### **Description of Carrara**

Carrara was incorporated pursuant to the BCBCA on December 15, 2014. Since its inception, Carrara has been engaged in the business of mineral exploration and the acquisition of mineral properties in British Columbia. As at the date of this Information Circular, Carrara holds an option to acquire a 100% interest in and to a mineral property known as the Boomerang Property, however if the Proposed Transaction is approved, it intends to terminate its option and cease its mineral exploration and acquisition activities.

Carrara's wholly-owned subsidiary, 1110607 B.C. Ltd., was incorporated on March 10, 2017 pursuant to the BCBCA. Subco does not carry on an active business and was incorporated for the purpose of completing the Proposed Transaction.

On December 21, 2016, Carrara became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario and had its common shares listed on the Exchange. As at the date of this Information Circular, the issued and outstanding capital of Carrara consists of 11,987,000 Carrara Shares, 373,700 Agent's Options and 800,000 Carrara Stock Options.

A description of the assets, business and operations of Carrara is presented in this Information Circular under the heading "Information Concerning Carrara". Copies of Carrara's unaudited condensed interim financial statements for the six month period ended January 31, 2017 and January 31, 2016 and copies of Carrara's audited financial statements for the year ended July 31, 2016 and the period from incorporation to July 31, 2015, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for such periods, together with the auditor's report thereto are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of PMI**

PMI is a private British Columbia company incorporated pursuant to the BCBCA on October 2, 2015. It is a health and wellness company focused on utilizing nature and science for the benefit of health conscious consumers. PMI currently has one product for sale, the CELLB9™ Immune System Booster. It is an oral solution containing polarized and potentiated essential minerals extracted from a novel peptide found in Caribbean Blue Scorpion venom. The solution is colourless and odourless and can be administered orally.

PMI intends to expand its business by increasing sales of its CELLB9™ product, developing an energy drink containing Caribbean Blue Scorpion venom and conducting pre-clinical studies for further uses of the venom.

As of the date of this Information Circular, the issued and outstanding capital of PMI consists of 40,629,408 PMI Shares and 3,950,000 PMI Stock Options.

A description of the assets, business and operations of PMI is presented in this Information Circular under the heading "Information Concerning PMI". Copies of PMI's audited financial statements and management discussion and analysis for the year ended December 31, 2016 and the period from incorporation to December 31, 2015, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for such periods, together with the auditor's report thereto are attached hereto as Schedule "B".

### **Description of the Resulting Issuer**

The Resulting Issuer, the corporation resulting from the completion of the Proposed Transaction, will be named "PreveCeutical Medical Inc." (or such other name as may be determined in the discretion of Carrara and PMI and is acceptable to the Exchange) and will carry on the business of PMI.

For more information regarding the Resulting Issuer, see "Information Concerning the Resulting Issuer" and the unaudited *pro forma* financial statements for the Resulting Issuer attached hereto as Schedule "C".

### **The Carrara Meeting**

The Carrara Meeting will be held at Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 at 10:00 a.m. (Pacific Daylight Time) on Friday, May 19, 2017, for the following purposes:

1. to receive the audited financial statements of Carrara for the financial year ended July 31, 2016 and for the period from incorporation to July 31, 2015, and the auditor's report thereon;
2. to consider and, if thought advisable, to pass an ordinary resolution ratifying and approving Carrara's stock option plan (a copy of which stock option plan is available under Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com));
3. to consider, and if thought advisable, to pass the RTO Resolution;
4. provided that the RTO Resolution is passed, to consider and, if thought advisable, to pass the Consolidation Resolution;
5. provided that the RTO Resolution is passed, to consider and, if thought advisable, to appoint Buckley Dodds Parker LLP, Chartered Professional Accountants, as the auditors of Carrara for the ensuing year; otherwise, to re-appoint Manning Elliott LLP, Chartered Professional Accountants;
6. provided that the RTO Resolution is passed, to elect five (5) directors of Carrara, for the ensuing year; otherwise, to re-elect the four (4) incumbent directors of Carrara; and
7. to transact such other business as may properly come before the Carrara Meeting or any adjournment thereof.

Pursuant to the policies of the Exchange, the Proposed Transaction constitutes a "fundamental change" and as such, the RTO Resolution must be approved by the majority of the minority Carrara Shareholders.

The Carrara Record Date for determining the Carrara Shareholders entitled to receive notice of and to vote at the Carrara Meeting is the close of business on April 12, 2017.

### **The PMI Meeting**

The PMI Meeting will be held at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3 at 2:00 p.m. (Pacific Daylight Time) on May 12, 2017, for the following purposes:

1. to consider, and if deemed advisable, to pass the Amalgamation Resolution; and
2. to transact such further or other business as may properly come before the PMI Meeting.

The Amalgamation Resolution must be approved by at least two-thirds (66 $\frac{2}{3}$ %) of the votes cast by PMI Shareholders present in person or represented by proxy at the PMI Meeting.

The PMI Record Date for determining the PMI Shareholders entitled to receive notice of and to vote at the PMI Meeting is the close of business on May 1, 2017.

### **Dissent Rights**

The Carrara and PMI Shareholders are entitled to dissent from the RTO Resolution and the Amalgamation Resolution, as applicable, pursuant to the BCBCA. The statutory provisions dealing with the rights of dissent are technical and complex. Carrara or PMI Shareholders who wish to exercise their rights of dissent should seek independent legal advice. Carrara or PMI Shareholders who do not duly exercise their rights of dissent are not entitled to receive the fair value of their Carrara Shares or PMI Shares, as applicable, and PMI Shareholders who do not duly exercise their right of dissent shall receive Carrara Shares on the same basis as every other PMI Shareholder pursuant to the Amalgamation Agreement, assuming the closing of the Proposed Transaction.

Readers are encouraged to refer to the full text of the applicable dissent rights under the BCBCA, attached as Schedule "A".

### **Procedure for the Proposed Transaction to become Effective**

1. Subco and PMI will merge and PMI will continue as the surviving entity (Amalco) under the BCBCA;
2. each issued and outstanding Subco share will be exchanged for one Amalco Share, which will result in Amalco becoming a wholly-owned subsidiary of Carrara; and
3. each one of the issued and outstanding PMI Shares will be cancelled and the holders thereof will receive one fully paid and non-assessable Carrara Share for each previously held PMI Share.

### **Effects of the Proposed Transaction**

Upon the completion of the Proposed Transaction, Subco and PMI will continue as one corporation, which will be a wholly-owned subsidiary of Carrara. All of the former PMI Shareholders will become Carrara Shareholders, unless they exercise dissent rights in connection with the Amalgamation Resolution, which will result in a reverse take-over of Carrara by the former PMI Shareholders.

### **Board Approvals and Recommendations**

The Carrara and PMI Boards have each reviewed the terms of the Amalgamation Agreement and authorized the entry by Carrara and PMI, respectively, into the Amalgamation Agreement as well as the mailing of this Information Circular to the Carrara and PMI Shareholders. The Carrara and PMI Boards have each unanimously determined that the Proposed Transaction is in the best interests of Carrara and PMI, respectively, and their respective shareholders.

#### ***Recommendation of the Carrara Board***

After careful consideration by the Carrara Board of the fairness of the Proposed Transaction to the Carrara Shareholders and other factors considered, including those set out under the heading "The Proposed Transaction – Board Approval and Recommendation", the Carrara Board has concluded that the RTO is in the best interests of the securityholders of Carrara and unanimously recommends that the Carrara Shareholders vote **FOR** the RTO Resolution at the Carrara Meeting. Each director of Carrara intends to vote any Carrara Shares owned in favour of the RTO Resolution.

See "Carrara Meeting – Particulars of Matters to be Acted Upon".

#### ***Recommendation of the PMI Board***

The PMI Board, having considered the fairness of the Proposed Transaction to the PMI Shareholders, and other factors they have deemed necessary to consider, including those set out under the heading "The Proposed Transaction – Board Approval and Recommendation", have concluded that the Amalgamation is in the best interests of and fair to the securityholders of PMI and unanimously recommends the PMI Shareholders vote **FOR** the Amalgamation Resolution at the PMI Meeting. Each director of PMI intends to vote any PMI Shares owned in favour of the Amalgamation Resolution.

See "PMI Meeting – Particulars of Matters to be Acted Upon".

### **Risk Factors**

There are certain risk factors relating to the Proposed Transaction and the Resulting Issuer, which should be carefully considered by the Carrara and PMI Shareholders. See "Summary of the Proposed Transaction – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors".

### **Stock Exchange Listing**

The Carrara Shares are currently listed on the Exchange under the trading symbol "CAA". The closing trading price of the Carrara Shares on the Exchange on March 15, 2017 (the last day that any Carrara Shares were traded) was \$0.22. The Carrara Shares were halted for trading on March 21, 2017 pending the completion of the Proposed Transaction.

There is no public or published market for the PMI Shares.

Carrara will apply for approval from the Exchange for the Resulting Issuer Shares to be listed on the Exchange upon the completion of the Proposed Transaction. **The Exchange has not granted any such approval. Any approval issued by the Exchange will be subject to the Resulting Issuer fulfilling the Exchange's listing requirements.**

### Select Pro Forma Financial Information for the Resulting Issuer

The following is a summary of selected *pro forma* financial information of the Resulting Issuer after giving effect to the Proposed Transaction and should be read in conjunction with the audited financial statements of PMI for the year ended December 31, 2016 and the period from incorporation to December 31, 2015, which are attached to this Information Circular as Schedule "B", and the unaudited consolidated interim financial statements of Carrara for the period ended January 31, 2017 and January 31, 2016, which are available under Carrara's SEDAR profile at www.sedar.com. Such information is derived from and should be read in conjunction with the unaudited *pro forma* consolidated financial statements and the notes thereto attached to this Information Circular as Schedule "C".

<b>Pro Forma Consolidated Statement of Financial Position</b>	<b>As at December 31, 2016</b>
Cash and Equivalents	\$1,451,711
Current Assets	\$118,110
Long Term Assets	\$2,670
<b>Total Assets</b>	<b>\$1,572,491</b>
Accounts payable and accrued liabilities	\$553,886
Shareholders' Equity	\$1,018,605
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,572,491</b>

### Available Funds and Principal Purposes

As of the date of this Information Circular, the Resulting Issuer is expected to have approximately \$1,768,000 available to it on the closing of the Proposed Transaction. Assuming that the Carrara Financing is fully subscribed for the maximum offering amount, the Resulting Issuer is expected to have approximately \$4,988,000 available to it on the closing of the Proposed Transaction. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives, which are summarized below:

<b>Use of Available Funds</b>	<b>Amount<sup>(1)</sup> (\$)</b>	<b>Amount<sup>(2)</sup> (\$)</b>
Costs related to the Proposed Transaction	80,000	80,000
General administrative expenses	\$361,450	\$734,450
Salaries, wages and benefits	\$537,840	\$683,640
Rent and utilities	\$161,750	\$161,750
Research and development – Caribbean Blue Scorpion venom-derived natural and synthetic peptides, extraction, formulation and ex vivo evaluation of cannabinoids for direct nose-to-brain delivery via Sol-Gels	\$372,771	\$372,771
Research and development – other projects including dual-gene therapy approach for obesity and diabetes using smart-siRNA and tissue targeted bio-responsive carrier systems	Nil	\$965,810

**Notes**

(1) Assuming current amount subscribed for under the Carrara Financing (\$1.5 million) plus cash on hand.

(2) Assuming the maximum offering amount (\$5 million) of the Carrara Financing received plus cash on hand.

See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes" for further information.

**JOINT MANAGEMENT INFORMATION CIRCULAR**  
(all information as at April 24, 2017 unless otherwise noted)

**Forward-Looking Statements**

This joint management information circular (the "**Information Circular**") includes certain statements that constitute "forward-looking information" within the meaning of applicable Canadian securities laws. Readers are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly, are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements.

Statements in this Information Circular that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations and orientations regarding the future. Often, but not always, forward-looking statements can be identified by words such as "pro forma", "plans", "expects", "may", "should", "budget", "schedules", "estimates", "forecasts", "intends", "anticipates", "believes", "potential" or variations of such words including negative variations thereof and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Such forward-looking statements include, among others, statements as to the terms and conditions of the Proposed Transaction, the Consolidation, the Carrara Financing, the listing of the common shares of the Resulting Issuer on the Exchange, the anticipated business plans and timing of future activities of Carrara, PMI and the Resulting Issuer, including changes in management and the use of the funds raised in the Carrara Financing.

Actual results could differ from those projected in any forward-looking statements due to numerous factors including risks and uncertainties relating to the inability of Carrara or PMI to obtain the requisite shareholder approval or regulatory and stock exchange approvals for the Proposed Transaction, lack of investor interest in the Carrara Financing and general economic, market or business conditions. These forward-looking statements are made as of the date of this Information Circular and Carrara and PMI assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in these forward-looking statements unless required to by applicable law. Although Carrara and PMI believe that the beliefs, plans, expectations and intentions contained in this Information Circular are reasonable, there can be no assurance that those beliefs, plans, expectations or intentions will prove to be accurate. Readers should consider all of the information set forth herein and should also refer to other periodic reports filed from time-to-time with Canadian securities regulators. These reports and Carrara's filings are available at [www.sedar.com](http://www.sedar.com).

**Information Contained in this Information Circular**

The information contained in this Information Circular is given as at April 24, 2017, except where otherwise noted. No person has been authorized to give any information or to make any representation in connection with the matters described herein other than those contained in this Information Circular and, if given or made, any such information or representation should be considered not to have been authorized by Carrara or PMI.

This Information Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer. Information contained in this Information Circular should not be construed as legal, tax or financial advice and Carrara and PMI Shareholders are urged to consult their own professional advisors in connection therewith. Descriptions in this Information Circular of the terms of the Amalgamation Agreement are summaries of such terms only. Carrara and PMI Shareholders should refer to the full text of the Amalgamation Agreement for complete details of the transactions proposed therein. The full text of the Amalgamation Agreement may be viewed under Carrara's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Disclaimer**

The information concerning PMI contained in this Circular has been provided by PMI. Although Carrara has no knowledge that would indicate that any of the information provided by PMI is untrue or incomplete, Carrara does not assume any responsibility for the accuracy or completeness of such information or the failure by PMI to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Carrara.

The information concerning Carrara and Subco contained in this Circular has been provided by Carrara. Although PMI has no knowledge that would indicate that any of the information provided by Carrara is untrue or incomplete, PMI does not assume any responsibility for the accuracy or completeness of such information or the failure by Carrara to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to PMI.

### **Currency**

Unless otherwise indicated, all references to "\$" or "dollars" refer to Canadian dollars.

### **Documents Incorporated by Reference**

Information has been incorporated by reference in this Information Circular from documents filed with certain securities commissions or similar authorities in Canada. Copies of such documents are available under Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The following documents, which have been filed with certain securities commissions or similar authorities in Canada in the jurisdictions in which Carrara is a reporting issuer, are specifically incorporated by reference into this Information Circular:

1. the Amalgamation Agreement;
2. the audited financial statements of Carrara for the year ended July 31, 2016 and for the period from incorporation to July 31, 2015;
3. the long form prospectus of Carrara dated November 30, 2016;
4. the condensed interim financial statements of Carrara for the six month period ended January 31, 2017 and January 31, 2016; and
5. Management's Discussion and Analysis ("MD&A") of Carrara for the six month period ended January 31, 2017 and January 31, 2016.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

This Information Circular is being furnished in connection with the solicitation of proxies by the management of Carrara and PMI for use at the Carrara Meeting and the PMI Meeting. The Carrara Meeting will be held on Friday, May 19, 2017 at Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 at 10:00 a.m. (Pacific Daylight Time) for the purposes set forth in the accompanying Notice of Annual General and Special Meeting. The PMI Meeting will be held on Friday, May 12, 2017 at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3 at 2:00 p.m. (Pacific Daylight Time) for the purposes set forth in the accompanying Notice of Special Meeting. This solicitation is made by or on behalf of the management of Carrara and PMI with the cost of such solicitation to be borne by Carrara and PMI with respect to each of their shareholders. While it is expected that the solicitation of proxies for Carrara will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of Carrara at nominal cost. Carrara may reimburse Carrara Shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. The solicitation of proxies for PMI will be by mail. All costs of solicitation will be borne by Carrara and PMI with respect to each of their shareholders. None of the directors of Carrara or PMI have advised that they intend to oppose any action intended to be taken by management of Carrara or PMI as set forth in this Information Circular.

#### **Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors or officers of Carrara and PMI, as applicable. **A CARRARA OR PMI SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR SUCH SHAREHOLDER AND ON SUCH SHAREHOLDER'S BEHALF AT THE CARRARA OR PMI MEETING HAS THE RIGHT TO**



**DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.**

In the case of Carrara, a Proxy will not be valid unless the completed, dated and signed Proxy is received by TSX Trust Company, at Suite 300, 200 University Avenue, Toronto, Ontario, Canada, M5H 4H1 by 10:00 a.m. (Pacific Daylight Time) on May 17, 2017, or if the Carrara Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Carrara Meeting is adjourned or postponed. **Votes by fax can be sent to 1-416-595-9593 and Internet voting can be completed at [www.voteproxyonline.com](http://www.voteproxyonline.com).**

In the case of PMI, a Proxy will not be valid unless the completed, dated and signed Proxy is received by 2:00 p.m. (Pacific Daylight Time) on May 10, 2017 at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3, or if the PMI Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the PMI Meeting is adjourned or postponed.

Late Proxies may be accepted or rejected by the Chairman of the Carrara or PMI Meeting, as applicable, at his discretion and the Chairman of the Carrara or PMI Meeting, as applicable, is under no obligation to accept or reject any particular late Proxy. The Chairman for each meeting may waive or extend the Proxy cut-off without notice.

A Carrara Shareholder who has given a Proxy may revoke it by an instrument in writing executed by the Carrara Shareholder or by the Carrara Shareholder's attorney authorized in writing or, if the Carrara Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of Carrara, at Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1, at any time up to and including the last business day preceding the day of the Carrara Meeting or any adjournment of it or to the Chairman of the Carrara Meeting on the day of the Carrara Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

A PMI Shareholder who has given a Proxy may revoke it by an instrument in writing executed by the PMI Shareholder or by the PMI Shareholder's attorney authorized in writing or, if the PMI Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of PMI, at 5347 Kew Cliff Road, West Vancouver, British Columbia, Canada, V7W 1M3, at any time up to and including the last business day preceding the day of the PMI Meeting or any adjournment of it, or to the Chairman of the PMI Meeting on the day of the PMI Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

If you are a non-registered Carrara or PMI Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to revoke your voting instructions.

**Exercise of Discretion**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on a poll by the persons named in the Proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

Where no choice has been specified by the Carrara or PMI Shareholder, as applicable, such shares will, on a poll, be voted in accordance with the instructions on the Proxy.

The Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of those matters identified in the respective notice of meetings of Carrara and PMI and with respect to any other matters which may properly come before either the Carrara or PMI Meetings. At the time of the printing of this Information Circular, the management of Carrara and PMI know of no such amendment, variation or other matters, which may be presented at the Carrara or PMI Meetings.

**Advice to Non-Registered (Beneficial) Shareholders**

Only registered Carrara or PMI Shareholders or duly appointed proxyholders for registered Carrara or PMI Shareholders are permitted to vote at the Carrara and PMI Meetings, as applicable. Many of the Shareholders of Carrara and PMI are "non-registered" or "beneficial" shareholders because the shares they own are not registered in

their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.

More particularly, a person is not a registered shareholder in respect of shares of Carrara or PMI which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either (a) in the name of an intermediary (the "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, Carrara has distributed copies of the notice of meeting, this Information Circular and the Proxy (collectively referred to as the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) be given a Proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the Proxy, this Proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a Proxy you should otherwise properly complete the executed Proxy provided and deposit it, in the case of Carrara, with TSX Trust Company as provided above or, in the case of PMI with PMI as provided above; or
- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy", "proxy authorization form" or "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page printed form, the voting instruction form will consist of a regular printed Proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the Proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the Proxy, properly complete and sign the Proxy and return it to the Intermediary or its service company (not Carrara, PMI, or TSX Trust Company) in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Carrara or PMI Meeting, as applicable, in person as proxyholder for the shares owned by you, you should strike out the names of the management-designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. In either case, you should carefully follow the instructions of your Intermediary, including when and where the Proxy, proxy authorization or voting instruction form is to be delivered.

Non-Registered Holders may be either "non-objecting beneficial holders" ("**NOBOs**") or "objecting beneficial owners" ("**OBOs**"), as such terms are defined under NI 54-101. In accordance with the requirements of NI 54-101, Carrara will be sending proxy-related materials directly to the NOBOs. Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO unless the OBO has waived the right to receive such materials. Carrara and PMI do not intend to pay for Intermediaries to forward the Meeting Materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary* to OBOs under NI 54-101 and the OBO will not receive the Meeting Materials unless the OBO's Intermediary assumes the cost of delivery.

## **SUMMARY OF PROPOSED TRANSACTION**

### **General**

The Carrara and PMI Meetings have been called for, among other things, the Carrara and PMI Shareholders to consider

and, if though advisable, to pass the RTO Resolution, the Consolidation Resolution and the Amalgamation Resolution, as applicable. The Proposed Transaction and the Amalgamation Agreement are summarized below. This summary does not propose to be complete and is qualified in its entirety by reference to the Amalgamation Agreement, a copy of which is available under Carrara's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Purpose of the Proposed Transaction**

Carrara is a "reporting issuer" under Canadian securities laws and is listed on the Exchange under the trading symbol "CAA". Previously, Carrara was a mining issuer in the business of mineral resource exploration. Management of Carrara have determined that, due to the difficulties and uncertainty associated with operating in the junior mining industry, it is in the best interest of Carrara to consider opportunities in other sectors.

PMI is a private British Columbia health and wellness company focused on utilizing nature and science for the benefit of health conscious consumers. Management of PMI have determined that completion of a going-public transaction would be advisable to advance the development of PMI's business and have determined that this would be most beneficially accomplished by way of an amalgamation transaction with a company that is already a "reporting issuer" under Canadian securities laws.

Management of Carrara and PMI have determined that an amalgamation and reverse take-over transaction on the terms set out in the Amalgamation Agreement would permit Carrara and PMI to achieve their respective goals, and would be fair and reasonable to, and in the best interests of, the Carrara and PMI Shareholders.

### **The Proposed Transaction**

Pursuant to the Amalgamation Agreement entered into between Carrara, Subco and PMI on March 21, 2017, PMI will become a wholly-owned subsidiary of Carrara by way of a "three-cornered" amalgamation whereby PMI and Subco will amalgamate and continue as one corporation, which will be a wholly-owned subsidiary of Carrara. Upon completion of the Amalgamation, all of the issued and outstanding PMI Shares will be cancelled and Carrara will issue an equal number of Carrara Shares to the former PMI Shareholders, who will then control a majority of the issued and outstanding voting securities of Carrara. The Amalgamation and the issuance of the Carrara Shares to the PMI Shareholders will constitute a reverse take-over of Carrara by PMI.

The Proposed Transaction will constitute a "fundamental change" for the purposes of the policies of the Exchange and as such, the Exchange must approve the Proposed Transaction and the Resulting Issuer will need to apply to have its common shares listed on the Exchange. Carrara and PMI are also required to obtain approval of the Proposed Transaction from their respective shareholders. The RTO Resolution must be approved by the majority of the minority of Carrara Shareholders; the Amalgamation Resolution must be approved by an affirmative vote of at least two-thirds (66 $\frac{2}{3}$ %) of the votes cast thereon.

### **Principal Steps of the Proposed Transaction**

Pursuant to the terms of the Amalgamation Agreement, the following shall occur:

1. Subco and PMI will merge and continue as one corporation ("**Amalco**") under the BCBCA;
2. each issued and outstanding Subco share will be exchanged for one Amalco Share, which will result in Amalco becoming a wholly-owned subsidiary of Carrara;
3. all of the property, assets, rights and privileges of each of Subco and PMI shall become the assets, rights and privileges of Amalco, and all of the liabilities and obligations of each of Subco and PMI shall become the liabilities and obligations of Amalco;
4. each one of the issued and outstanding PMI Shares will be cancelled and the holders thereof will receive one fully paid and non-assessable Carrara Share for each previously held PMI Share; and
5. Carrara will change its name to "PreveCeutical Medical Inc." or such other name as agreed to by Carrara and PMI and acceptable to the British Columbia Registrar of Companies and the Exchange.

### **Effects of the Proposed Transaction**

Upon the completion of the Proposed Transaction, Subco and PMI will continue as one corporation, which will be a wholly-owned subsidiary of Carrara. All of the former PMI Shareholders will become Carrara Shareholders, unless they exercise dissent rights in connection with the Amalgamation Resolution, which will result in a reverse take-over of Carrara by the former PMI Shareholders.

For further information regarding the effects of the Proposed Transaction, see "Information Concerning the Resulting Issuer".

### **Conditions Precedent to the Closing of the Proposed Transaction**

The Amalgamation Agreement contains, among others, the following conditions precedent:

1. Carrara and PMI having received all necessary approvals from their respective shareholders;
2. The Exchange having conditionally approved the Proposed Transaction and the listing of the Resulting Issuer Shares on the Exchange;
3. Carrara having effected the Consolidation;
4. The closing of the Carrara Financing; provided that such closing may be concurrent with the closing of the Proposed Transaction;
5. Carrara having terminated its option to acquire the Boomerang Property;
6. The resignations of Stephen Butrenchuk and Robert Coltura as officers of Carrara and Stephen Butrenchuk, Robert Coltura and A. Salman Jamal as directors of Carrara having been received; and
7. The PMI shareholders who become "related persons" (as such term is defined in Exchange Policy 1 - *Interpretation and General Provisions*) as a result of the completion of the Proposed Transaction having entered into an escrow agreement.

Upon completion of the Proposed Transaction and assuming the completion of the Carrara Financing, but assuming no further issuance of securities by PMI, the former PMI Shareholders will own: (i) assuming the minimum of \$1 million raised in the Carrara Financing, approximately 87.14% of the issued and outstanding Resulting Issuer Shares; or (ii) assuming the maximum of \$5 million raised in the Carrara Financing, approximately 74.38% of the issued and outstanding Resulting Issuer Shares.

### **Other Material Terms of the Amalgamation Agreement**

The following is a description of the material terms and conditions of the Amalgamation Agreement, which description is qualified in its entirety by the full text of the Amalgamation Agreement, which is available under Carrara's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Carrara and PMI Shareholders are encouraged to read the Amalgamation Agreement in its entirety.

### ***Representations and Warranties***

The Amalgamation Agreement contains customary representations and warranties made by each of Carrara, Subco and PMI relating to, among other things, corporate status, capitalization and the corporate authorization and the enforceability of the Amalgamation Agreement and the Proposed Transaction. The representations and warranties also address various matters relating to the business, operations and properties of all of the parties, including Carrara's public documents; ownership of PMI's intellectual property; absence of undisclosed liabilities; absence of material adverse effects and certain other changes or events since the date of the last audited financial statements; disclosure of litigation or certain other actions; compliance with laws, licenses and permits; tax matters; and financial statements.

The representations and warranties were made solely for the purposes of the Amalgamation Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating the terms of the Proposed Transaction. Moreover, some of the representations and warranties contained in the Amalgamation

Agreement are qualified by knowledge or by reference to a contractual standard of materiality that may be different from that generally applicable to public disclosure to shareholders or those standards used for the purpose of allocating risk between parties to an agreement. For the foregoing reasons, shareholders should not rely on the representations and warranties contained in the Amalgamation Agreement as statements of factual information at the time they were made or otherwise. Carrara and PMI Shareholders may not directly enforce or rely upon the terms and conditions of the Amalgamation Agreement.

### ***Covenants***

Carrara and PMI have agreed in the Amalgamation Agreement to a number of customary mutual covenants, including: (i) to satisfy each of the conditions precedent to the Proposed Transaction set out in the Amalgamation Agreement to be satisfied by such party; (ii) 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 to effect the Proposed Transaction; and (iii) to obtain all consents, waivers, approvals and authorization necessary to consummate the Proposed Transaction or reasonably required to effect the Proposed Transaction or in connection therewith. Each of Carrara and PMI have also agreed in the Amalgamation Agreement to a number of mutual covenants in respect of the preparation and mailing of this Information Circular, the holding of the Carrara and PMI Meetings and the application to the Exchange for the filing of the Amalgamation Agreement and the acceptance for listing of the Resulting Issuer Shares on the Exchange.

Carrara has agreed, subject to receipt of requisite shareholder approvals, to effect the Consolidation and to carry out the Carrara Financing.

### ***Termination***

The Amalgamation Agreement may be terminated in the circumstances specified therein, including:

1. by mutual written consent of Carrara, Subco and PMI;
2. by either of Carrara or Subco if PMI materially breaches any of its representations, warranties or covenants set forth in the Amalgamation Agreement and fails to cure such breach to Carrara's satisfaction in the stipulated time;
3. by PMI if Carrara materially breaches any of its representations, warranties or covenants set forth in the Amalgamation Agreement and fails to cure such breach to PMI's satisfaction in the stipulated time;
4. by Carrara, Subco or PMI if the Proposed Transaction is not accepted by the Exchange or other securities authorities or approved by the PMI and Carrara Shareholders;
5. by Carrara, Subco or PMI if any conditions precedent are not satisfied, released or waived by the applicable party;
6. by Carrara, Subco or PMI if the Proposed Transaction has not been consummated by June 30, 2017; or
7. by Carrara or PMI if any permanent injunction or other order preventing the consummation of the Proposed Transaction is issued, which injunction or order has become final and non-appealable.

### ***The Consolidation***

Prior to the closing of the Proposed Transaction, Carrara is required to complete a consolidation of all of its issued and outstanding common shares without par value on the basis of one (1) post-Consolidation Carrara Share for every three (3) pre-Consolidation Carrara Shares, with a corresponding and equal consolidation of Carrara's issued and outstanding Carrara Stock Options and Agent's Options, in accordance with the terms and conditions of such options.

Any fractional shares resulting from the Consolidation will be rounded up to the next whole share if such fractional share was equal to or greater than one-half of a share, and rounded down to the next whole share if such fractional share was less than one-half (1/2) of a share.

The Consolidation will result in the amount of issued and outstanding Carrara Shares being reduced from 11,987,000

shares to approximately 3,995,667 issued and outstanding shares. In connection with the Consolidation, the issued and outstanding Carrara Stock Options and Agent's Options exchangeable for Carrara Shares will be adjusted in accordance with the terms and conditions of such options.

### ***Carrara Financing***

It is a term of the Amalgamation Agreement that Carrara conduct a non-brokered private placement of up to 10 million Units for minimum gross proceeds of at least \$1 million and maximum gross proceeds of up to \$5 million.

The Units will be issued pursuant to applicable prospectus and registration exemptions and will have a hold period in Canada of four months and one day from the closing of the Carrara Financing. Finder's fees are payable on a portion of the Carrara Financing. Each Unit will be offered at a price of \$0.50 per Unit and consist of one Carrara Share and one transferable common share purchase warrant, which warrant will entitle the holder thereof to acquire one Carrara Share at an issue price of \$1.00 per share. The warrants are exercisable for a period of 24 months from the closing of the Carrara Financing; provided that in the event that the closing price of the Carrara Shares trading on the Exchange is at least \$1.50 or more for ten consecutive business days, Carrara will have the option of accelerating the expiration date for the exercise of the warrants by giving at least 14 business days' notice.

The proceeds of the Carrara Financing will be held in escrow until the closing of the Proposed Transaction and the listing of the Resulting Issuer Shares on the Exchange. Upon release, the proceeds will then be available for general corporate and working capital purposes of the Resulting Issuer. If the Proposed Transaction is not completed, no Units will be issued and the proceeds of the Carrara Financing will be returned to the subscribers thereunder, without interest or deduction. Carrara may pay finder's fees of up to 8% to any finder of the aggregate gross proceeds of the Carrara Financing raised by such finder, which finder's fees shall be payable by Carrara, in its discretion, in cash, Units or a combination of cash and Units.

### ***PMI Financing***

Under the terms of the Amalgamation Agreement, PMI may undertake a financing of units of PMI under terms similar to the Carrara Financing; however, as of the date of this Information Circular, PMI has not undertaken such financing and has no intention of pursuing such financing.

### ***Loan***

In connection with the Proposed Transaction, Stephen Van Deventer, the Chief Executive Officer of PMI, will loan Carrara \$30,000 (non-interest bearing) for the purpose of covering certain legal fees (and the taxes and disbursements associated therewith) that Carrara will incur as part of the Proposed Transaction. Upon completion of the Proposed Transaction, the Resulting Issuer will fully repay the loan to Mr. Van Deventer without any set-off or deductions, with any unpaid amount being converted to Resulting Issuer Shares at the closing price of such shares on the previous trading day on the Exchange.

A copy of the Amalgamation Agreement is available on Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Board Approval and Recommendation**

The Carrara and PMI Boards have each reviewed the terms of the Amalgamation Agreement and authorized the entry by Carrara and PMI, respectively, into the Amalgamation Agreement, as well as the mailing of this Information Circular to the Carrara and PMI Shareholders. The Carrara and PMI Boards have each unanimously determined that the Proposed Transaction is in the best interests of Carrara and PMI, respectively, and the Carrara and PMI Shareholders.

### ***Recommendation of the Carrara Board***

The Carrara Board has considered the terms and conditions of the Proposed Transaction as provided in the Amalgamation Agreement and has approved the Proposed Transaction and the entering into of the Amalgamation Agreement. The Carrara Board has unanimously determined that the Proposed Transaction is in the best interests of Carrara and recommends that the Carrara Shareholders vote **FOR** the RTO Resolution at the Carrara Meeting. Each director of Carrara intends to vote any Carrara Shares owned in favour of the RTO Resolution.

In arriving at its conclusion, the Carrara Board considered the following, among other matters:

1. the terms of the Proposed Transaction;
2. the procedures by which the Proposed Transaction is to be approved, including the requirement for approval by the majority of the minority Carrara Shareholders at the Carrara Meeting;
3. the availability of dissent rights to the Carrara Shareholders with respect to the RTO Resolution;
4. information with respect to the financial condition, business and operation, on both a historical and prospective basis of both PMI and Carrara, including information in respect of PMI and the Resulting Issuer on a *pro forma* consolidated basis; and
5. current industry, economic and market conditions and trends.

The Carrara Board also identified and considered risks and disadvantages associated with the Proposed Transaction, including but not limited to:

1. the risks to Carrara if the Proposed Transaction is not completed, including the costs incurred by Carrara in pursuing the Proposed Transaction;
2. the risk factors applicable to the Resulting Issuer; and
3. the dilution of the Carrara Shares held by the current Carrara Shareholders after completion of the Proposed Transaction.

The Carrara Board's recommendation was made after considering all of the above-noted factors and in light of the Carrara Board's knowledge of the business, financial condition and prospects of Carrara, and was also based on the advice of financial and legal advisors to the Carrara Board.

See "Summary of Proposed Transaction – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors" for a description of the risk factors associated with the Proposed Transaction.

### ***Recommendation of the PMI Board***

The PMI Board has considered the terms and conditions of the Proposed Transaction as provided in the Amalgamation Agreement and has approved the Proposed Transaction and the entering into of the Amalgamation Agreement. The PMI Board has unanimously determined that the Proposed Transaction is in the best interests of PMI and recommends that the PMI Shareholders vote **FOR** the Amalgamation Resolution at the PMI Meeting. Each director of PMI intends to vote any PMI Shares owned in favour of the Amalgamation Resolution.

In arriving at its conclusion, the PMI Board considered the following, among other matters:

1. the terms of the Proposed Transaction;
2. the procedures by which the Proposed Transaction is to be approved, including the requirement for approval by special resolution of the PMI Shareholders at the PMI Meeting;
3. the availability of dissent rights to the PMI Shareholders with respect to the Amalgamation Resolution;
4. information with respect to the financial condition, business and operation, on both a historical and prospective basis of both PMI and Carrara, including information in respect of Carrara and the Resulting Issuer on a *pro forma* consolidated basis; and
5. current industry, economic and market conditions and trends.

The PMI Board's recommendation was made after considering all of the above-noted factors and in light of the PMI Board's knowledge of the business, financial condition and prospects of PMI, and was also based on the advice of financial and legal advisors to the PMI Board.

See "Summary of Proposed Transaction – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors" for a description of the risk factors associated with the Proposed Transaction.

### **Dissent Rights**

Registered Carrara and PMI Shareholders have the right to dissent with respect to the RTO Resolution and the Amalgamation Resolution, as applicable. Carrara and PMI Shareholders who wish to dissent in respect of the RTO or Amalgamation Resolution should take note that strict compliance with the dissent procedures set forth in Sections 237 to 247 of Division 2 of Part 8 of the BCBCA is required. A registered shareholder's right to dissent is more particularly described in Schedule "A" attached to the Information Circular, which sets forth the complete text of Sections 237 to 247 of Division 2 of Part 8 of the BCBCA.

It is strongly recommended that Carrara and PMI Shareholders desiring to exercise rights of dissent seek independent legal advice as the failure to strictly comply with the requirements set forth in Sections 237 to 247 of Division 2 of Part 8 of the BCBCA may result in the loss of any right to dissent. **Persons who are beneficial owners of common shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of common shares are entitled to dissent. Accordingly, a beneficial owner of common shares desiring to exercise the right to dissent must make arrangements for the common shares beneficially owned by such owner to be registered in such owner's name prior to the time the written objection to the RTO Resolution or Amalgamation Resolution, as applicable, is required to be received or, alternatively, make arrangements for the registered holder to dissent on behalf of such owner.**

Registered Carrara Shareholders who intend to exercise dissent rights in respect of the RTO Resolution must deliver a dissent notice to:

Carrara Exploration Corp.  
Attention: Robert Coltura, Chief Financial Officer and Secretary  
Suite 200, 551 Howe Street  
Vancouver, British Columbia, V6C 2C2

Registered PMI Shareholders who intent to exercise dissent rights in respect of the Amalgamation Resolution must deliver a dissent notice to:

PreveCeutical Medical Inc.  
Attention: Shabira Rajan, Chief Financial Officer and Controller  
5347 Kew Cliff Road  
West Vancouver, British Columbia, V7W 1M3

### **Risk Factors**

The following risk factors are presented in connection with the Proposed Transaction, and PMI and Carrara Shareholders should carefully consider the risk factors in evaluating whether to approve the Proposed Transaction. Carrara and PMI Shareholders should also consider the risk factors under "Information Concerning the Resulting Issuer – Risk Factors" for risks associated with the business of the Resulting Issuer.

#### ***No Certainty as to Completion of the Proposed Transaction***

The completion of the Proposed Transaction is subject to several conditions precedent. There can be no assurance that the Proposed Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all, or by such other date as the Exchange may permit. In the event that any of the conditions precedent are not satisfied or waived by the relevant party, the Proposed Transaction may not be completed. If the Proposed Transaction is not completed and Carrara's Board or PMI's Board decides to seek another reverse-takeover or amalgamation, there can be no assurance that Carrara or PMI, as applicable, will be able to find a party that will agree to equivalent or more attractive terms than those of the Amalgamation Agreement.

#### ***The Amalgamation Agreement may be terminated under certain circumstances***

Each of Carrara and PMI has the right to terminate the Amalgamation Agreement in certain circumstances, including



in the event of a breach of any representation, warranty, covenant or agreement set forth in the Amalgamation Agreement that is not cured by the breaching party, to the reasonable satisfaction of the other parties. Accordingly, there is no certainty that the Amalgamation Agreement will not be terminated by either Carrara or PMI before the completion of the Proposed Transaction.

### ***Proposed Transaction Not Approved***

The completion of the Proposed Transaction constitutes a "fundamental change" as per Exchange Policy 8 – *Fundamental Changes and Changes of Business* and as such, the listing of the Resulting Issuer Shares on the Exchange requires Exchange approval. There can be no assurance that all of the necessary approvals will be obtained. The Exchange may refuse to list the Resulting Issuer Shares if significant concerns arise from its review of the Proposed Transaction and where, among other things, the Resulting Issuer fails to meet the minimum listing requirements prescribed by the Exchange upon completion of the Proposed Transaction. If the Proposed Transaction is not completed, Carrara and PMI will continue to search for other opportunities; however, certain costs related to the Proposed Transaction, such as legal, accounting and certain financial advisor fees, must be paid by Carrara and PMI, even if the Proposed Transaction is not completed. Carrara and PMI are each liable for their own costs incurred in connection with the Proposed Transaction.

## **CARRARA MEETING - PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The audited financial statements of Carrara for the financial year ended July 31, 2016 and for the period from incorporation to July 31, 2015 and the auditor's reports thereon, which are available under Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com), will be placed before the Carrara Meeting for consideration by the Carrara Shareholders. The Carrara Board has approved the financial statements of Carrara and the auditor's report thereon, and as such no shareholders' vote needs to be taken thereon at the Carrara Meeting. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com) under Carrara's profile.

### **Stock Option Plan**

Management is seeking disinterested shareholder approval, by way of ordinary resolution, for the ratification and approval of Carrara's stock option plan (the "**Stock Option Plan**") and the approval of the number of shares reserved for issuance under the Stock Option Plan in accordance with and subject to the rules and policies of the Exchange. The Board of Directors of Carrara approved the Stock Option Plan on September 7, 2016. The purpose of the Stock Option Plan is to provide incentive to employees, directors, officers, management companies and consultants who provide services to Carrara and reduce the cash compensation Carrara would otherwise have to pay. For a summary of the Stock Option Plan, see "Information Concerning Carrara – Stock Option Plans and Other Incentive Plans".

The Carrara Board unanimously recommends that each Carrara Shareholder vote **FOR** the ratification and approval of the Stock Option Plan. **In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the ratification and approval of the Stock Option Plan.**

### **RTO of Carrara Exploration Corp. by PreveCeutical Medical Inc.**

As more particularly described in this Information Circular, Carrara proposes to amalgamate its wholly-owned subsidiary, 1110607 B.C. Ltd., with PMI to continue as one company, which would be a wholly-owned subsidiary of Carrara. Upon completion of the Amalgamation, PMI Shares held by the PMI Shareholders will be cancelled and Carrara will issue an equal number of Carrara Shares to the former PMI Shareholders, which would constitute a reverse take-over of Carrara by the former PMI Shareholders. In this regard, Carrara Shareholders will be asked to pass the following ordinary resolutions (the "**RTO Resolution**"):

**"WHEREAS** Carrara Exploration Corp. ("Carrara"), 1110607 B.C. Ltd. ("Subco") and PreveCeutical Medical Inc. ("PMI") entered into an amalgamation agreement (the "Amalgamation Agreement") dated March 21, 2017, whereby PMI and Subco shall amalgamate under the *Business Corporations Act* (British Columbia) and continue as one corporation, which shall be a wholly-owned subsidiary of Carrara (the "Amalgamation"), and whereby Carrara shall issue Carrara Shares to the former holders of the PMI Class A common shares resulting in a reverse take-over of Carrara by PMI, all as more particularly described in the joint management information circular of Carrara

and PMI dated April 24, 2017;

**AND WHEREAS** the Amalgamation constitutes a "fundamental change" for the purposes of the policies of the Canadian Securities Exchange (the "Exchange");

**BE IT RESOLVED THAT:**

1. The Amalgamation be, and is hereby, authorized and approved, subject to such restrictions or conditions as may be required by the Exchange;
2. The Amalgamation Agreement be, and is hereby, ratified, confirmed and approved;
3. Notwithstanding that the above resolutions have been passed and that the Amalgamation Agreement and the Amalgamation have been adopted by the registered holders of common shares in the capital of Carrara (collectively, the "Carrara Shareholders"), the directors of Carrara are hereby authorized and empowered, without further notice or approval of the Carrara Shareholders, (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement and subject to the approval of the Exchange, and (ii) subject to the terms and conditions of the Amalgamation Agreement, to determine not to proceed with the Amalgamation; and
4. Any director or officer of Carrara be, and is hereby, authorized as the "Authorized Signatory" of Carrara to:
  - (a) execute and deliver for and on behalf of Carrara under the common seal of Carrara or otherwise, such agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever in such form and with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances; and
  - (b) do or cause to be done all such other acts or things for or on behalf of Carrara as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances, for the purpose of giving full effect to these resolutions and the completion of the matters contemplated herein, and the execution and delivery by the Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of Carrara in connection with any matter contemplated by these resolutions shall be binding on Carrara and shall be conclusively presumed to be the act of Carrara."

The Carrara Board unanimously recommends that each Carrara Shareholder vote **FOR** the RTO Resolution. **In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the RTO Resolution.**

For the Proposed Transaction to be completed, the RTO Resolution must be passed by a majority of the minority of Carrara Shareholders at the Carrara Meeting. Carrara Shareholders have dissent rights in respect of the RTO Resolution. See "Summary of Proposed Transaction" for a summary of the Proposed Transaction and Schedule "A" for a summary of dissent procedures and the full text of Sections 237 to 247 of Division 2 of Part 8 of the BCBCA.

A copy of the Amalgamation Agreement is available on [www.sedar.com](http://www.sedar.com) under Carrara's SEDAR profile.

**Consolidation**

Provided that the RTO Resolution is passed, Carrara proposes the consolidation of the currently issued and outstanding Carrara Shares (as at the Carrara Meeting date and prior to the completion of the Proposed Transaction and the Carrara Financing described herein), on the basis of one (1) post-Consolidation Carrara Share for every three (3) pre-consolidation Carrara Shares, with a corresponding and equal consolidation of Carrara's issued and outstanding Carrara Stock Options and Agent's Options, in accordance with the terms and conditions of such options. Effecting the Consolidation is a condition precedent to the closing of the Proposed Transaction. In this regard, Carrara Shareholders will be asked to pass the following special resolutions (the "**Consolidation Resolution**");

"**WHEREAS** Carrara Exploration Corp. ("Carrara"), proposes to consolidate all of its issued and outstanding common shares without par value on the basis of one (1) post-consolidation share for every three (3) pre-consolidation shares, with a corresponding and equal consolidation of Carrara's issued and outstanding convertible securities, in accordance with the terms and conditions of such convertible securities; (the "Consolidation");

**AND WHEREAS** the Consolidation is a condition precedent to the closing of the proposed reverse-takeover of Carrara by PreveCeutical Medical Inc.;

**BE IT RESOLVED THAT:**

1. The Consolidation be, and is hereby, authorized and approved, subject to such restrictions or conditions as may be required by the Exchange;
2. Notwithstanding that the above resolution has been passed and that the RTO Resolution has been approved by the registered holders of common shares in the capital of Carrara (collectively, the "Carrara Shareholders"), the directors of Carrara are hereby authorized and empowered, without further notice to or approval of the Carrara Shareholders, to determine not to proceed with the Consolidation; and
3. Any director or officer of Carrara be, and is hereby, authorized as the "Authorized Signatory" of Carrara to:
  - (a) execute and deliver for and on behalf of Carrara under the common seal of Carrara or otherwise, such agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever in such form and with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances; and
  - (b) do or cause to be done all such other acts or things for or on behalf of Carrara as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances, for the purpose of giving full effect to these resolutions and the completion of the matters contemplated herein, and the execution and delivery by the Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of Carrara in connection with any matter contemplated by these resolutions shall be binding on Carrara and shall be conclusively presumed to be the act of Carrara."

The Carrara Board unanimously recommends that each Carrara Shareholder vote **FOR** the Consolidation Resolution. **In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the Consolidation Resolution.**

For the Consolidation to be effected, the Consolidation Resolution must be passed by an affirmative vote of at least two-thirds (66 $\frac{2}{3}$ %) of the votes cast thereon at the Carrara Meeting. See "Summary of Proposed Transaction" for a summary of the terms of the Consolidation.

Registered shareholders will receive a letter of transmittal from TSX Trust Company describing the process by which shareholders may obtain new certificates representing their post-Consolidation Carrara Shares. Carrara Shares held in uncertified form by non-registered shareholders through brokerage accounts will be converted through each shareholder's brokerage accounts. Non-registered shareholders should consult their broker for further information.

**Appointment of Auditor**

The current auditors of Carrara are Manning Elliott LLP, Chartered Professional Accountants, who were appointed on September 6, 2016.

Provided that the RTO Resolution is passed, Carrara Shareholders will be asked to appoint the auditors of PMI, Buckley Dodds Parker LLP, Chartered Professional Accountants, by way of ordinary resolution as the auditors of Carrara to hold office until the next annual general meeting of the shareholders or until successor auditors are

appointed, at a remuneration to be fixed by the Carrara Board.

The Carrara Board unanimously recommends that each Carrara Shareholder vote **FOR** the appointment of Buckley Dodds Parker LLP, Chartered Professional Accountants, as auditors of Carrara. **In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the appointment of Buckley Dodds Parker LLP as auditors of Carrara.**

In the event that the RTO Resolution is not approved, Carrara Shareholders will be asked to pass, by way of ordinary resolution, the re-appointment of Manning Elliott LLP as auditors of Carrara.

### **Number of Directors**

Carrara Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors of Carrara at five (5) for the ensuing year, subject to such increases as may be permitted by the constating documents of Carrara or the BCBCA.

The Carrara Board recommends a vote **FOR** the approval of the resolution setting the number of directors at five (5). **In the absence of instructions to the contrary, a properly executed and returned Proxy will be voted FOR the approval of the resolution setting the number of directors at five (5).**

In the event that the RTO Resolution is not passed, the Carrara Shareholders will be asked at the Carrara Meeting to pass an ordinary resolution to set the number of directors of Carrara at four (4) for the ensuing year.

### **Election of Directors**

The directors of Carrara are elected at each annual general meeting of the shareholders and each holds office until the next annual general meeting of the shareholders or until his successor is elected or appointed or unless he becomes disqualified under the BCBCA to act as a director.

Provided that the RTO Resolution is passed, Carrara Shareholders will be asked to pass, by way of an ordinary resolution, the re-election of Matthew Coltura and the election of the following four individuals to Carrara's Board of Directors:

Stephen Van Deventer  
Kimberly Van Deventer  
Brian Harris  
Greg Reid

Management does not contemplate that any of the proposed directors will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of Carrara or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the articles of Carrara or the provisions of the BCBCA.

A description of these individuals can be found under the heading "Information Concerning the Resulting Issuer – Directors and Officers".

The Carrara Board recommends a vote **FOR** each of the nominees listed above. **In the absence of instructions to the contrary, a properly executed and returned Proxy will be voted FOR the proposed directors set out above.**

In the event that the RTO Resolution is not passed, Carrara Shareholders will be asked to pass, by way of ordinary resolution, the election of the incumbent directors, being each of Stephen Butrenchuk, Robert Coltura, A. Salman Jamal and Matthew Coltura. In this regard, see "Information Concerning Carrara - Directors and Officers" for further information regarding these individuals.

### **Other Matters**

Management of Carrara is not aware of any other matter to come before the Carrara Meeting other than as set forth in the Carrara notice of meeting accompanying this Information Circular. If any other matter properly comes before the Carrara Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares represented thereby

in accordance with their best judgement on such matter, exercising discretionary authority with respect to amendments or variations of matters set forth in the Carrara notice of meeting and other matters which may properly come before the Carrara Meeting or any adjournment of the Carrara Meeting.

### **PMI MEETING – PARTICULARS OF MATTERS TO BE ACTED UPON**

The principal purpose of the PMI Meeting is for PMI Shareholders to consider and, if thought advisable, to pass the following special resolutions (the "**Amalgamation Resolution**"):

**"WHEREAS** Carrara Exploration Corp. ("Carrara"), 1110607 B.C. Ltd. ("Subco") and PreveCeutical Medical Inc. ("PMI") entered into an amalgamation agreement (the "Amalgamation Agreement") dated March 21, 2017, whereby PMI and Subco shall amalgamate under the *Business Corporations Act* (British Columbia) and continue as one corporation, which shall be a wholly-owned subsidiary of Carrara (the "Amalgamation"), and whereby Carrara shall issue Carrara Shares to the former holders of the PMI common shares resulting in a reverse take-over of Carrara by PMI, all as more particularly described in the joint management information circular of Carrara and PMI dated April 24, 2017.

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

1. The Amalgamation be, and is hereby, authorized and approved, subject to such restrictions or conditions as may be required by the Canadian Securities Exchange (the "Exchange");
2. The Amalgamation Agreement be, and is hereby, ratified, confirmed and approved;
3. Notwithstanding that the above resolutions have been passed and that the Amalgamation Agreement and the Amalgamation have been adopted by the registered holders of Class A common shares in the capital of PMI (collectively, the "PMI Shareholders"), the directors of PMI are hereby authorized and empowered, without further notice to or approval of the PMI Shareholders, (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement and subject to the approval of the Exchange, and (ii) subject to the terms and conditions of the Amalgamation Agreement, to determine not to proceed with the Amalgamation; and
4. Any director or officer of PMI be, and is hereby, authorized as the "Authorized Signatory" of PMI to:
  - (a) execute and deliver for and on behalf of PMI, under the common seal of PMI or otherwise, such agreements, directions, certificates, acknowledgements, instructions, receipts, instruments and other documents of any kind whatsoever in such form and with such amendments or variations as he deems necessary, appropriate or expedient in the circumstances; and
  - (b) do or cause to be done all such other acts or things for or on behalf of PMI as may be, in his sole discretion, necessary, appropriate or expedient in the circumstances, for the purpose of giving full effect to these resolutions and the completion of the matters contemplated herein, and the execution and delivery by the Authorized Signatory of any agreement, direction, certificate, acknowledgement, instruction, receipt, instrument or other document of any kind whatsoever in the name of or on behalf of PMI in connection with any matter contemplated by these resolutions shall be binding on PMI and shall be conclusively presumed to be the act of PMI."

The PMI Board unanimously recommends that each PMI Shareholder vote **FOR** the Amalgamation Resolution. **In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the Amalgamation Resolution.**

For the Proposed Transaction to be completed, the Amalgamation Resolution must be passed by an affirmative vote of at least two-thirds (66 $\frac{2}{3}$ %) of the votes cast thereon at the PMI Meeting. PMI Shareholders have dissent rights in respect of the Amalgamation Resolution. See "Summary of Proposed Transaction" for a summary of the Proposed Transaction and Schedule "A" for a summary of dissent procedures and the full text of Sections 237 to 247 of Division

2 of Part 8 of the BCBCA.

A copy of the Amalgamation Agreement is available on [www.sedar.com](http://www.sedar.com) under Carrara's SEDAR profile.

### Other Matters

Management of PMI is not aware of any other matter to come before the PMI Meeting other than as set forth in the PMI notice of meeting accompanying this Information Circular. If any other matter properly comes before the PMI Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares represented thereby in accordance with their best judgement on such matter, exercising discretionary authority with respect to amendments or variations of matters set forth in the PMI notice of meeting and other matters which may properly come before the PMI Meeting or any adjournment of the PMI Meeting.

### **INFORMATION CONCERNING CARRARA**

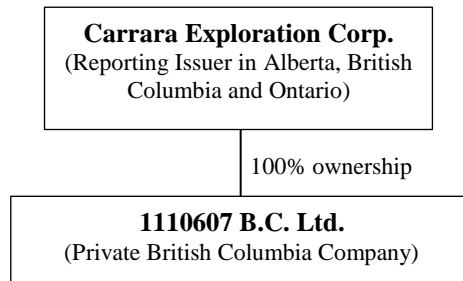
*The following information is presented on a pre-closing basis and is reflective of the current business, financial and share capital of Carrara. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer.*

### Corporate Structure

Carrara was incorporated on December 15, 2014 under the name "Carrara Exploration Corp." pursuant to the BCBCA.

Carrara's registered and records office is located at Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 and its head office is located at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2.

Carrara has one subsidiary, 1110607 B.C. Ltd. ("**Subco**"), which was incorporated pursuant to the BCBCA on March 10, 2017.



Carrara is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario and has its common shares listed on the Exchange under the symbol "CAA". Carrara's continuous disclosure filings are available for inspection under Carrara's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

In connection with the Proposed Transaction, Carrara will amalgamate its wholly-owned subsidiary with PMI, which will continue as a wholly-owned subsidiary of Carrara. See "Summary of Proposed Transaction" above for further information regarding the Proposed Transaction.

### Narrative Description of the Business

Carrara, since its inception, has been engaged in the business of mineral exploration and the acquisition of mineral property assets in the Province of British Columbia. To this end, Carrara entered into a property option agreement on December 15, 2014 with Craig A. Lynes and Rich River Exploration Ltd., whereby Carrara was granted an irrevocable and exclusive option to acquire a 100% interest in the Boomerang Property. For further information regarding the Boomerang Property, see the technical report prepared for the company titled "Boomerang Gold-Silver-Lead-Zinc Property, South-Central British Columbia, Canada" dated November 10, 2016 and Carrara's prospectus dated November 29, 2016, which have been filed on Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com).

If the Proposed Transaction is approved by the Carrara and PMI Shareholders, Carrara will terminate its option to acquire the Boomerang Property and will no longer be engaged in the business of mineral exploration and mineral property acquisition. See "Information Concerning the Resulting Issuer – Narrative Description of the Business" for a summary of the business of the Resulting Issuer after completion of the Proposed Transaction.

## **Selected Financial Information and Management's Discussion and Analysis**

### ***Selected Financial Information***

The following discussion should be read in conjunction with the financial statements and related notes thereto of Carrara, which are incorporated by reference into this Information Circular.

The following table sets forth selected financial information of Carrara:

	<b>Period Ended July 31, 2015 (audited)</b>	<b>Period Ended July 31, 2016 (audited)</b>	<b>Six Months Ended January 31, 2016 (unaudited)</b>	<b>Six Months Ended January 31, 2017 (unaudited)</b>
Total revenues	Nil	Nil	Nil	Nil
Exploration expenditures (Boomerang Property)	\$50,391	\$15,000	Nil	\$132,691
Management fees	Nil	\$40,000	\$10,000	\$18,500
Professional fees	\$7,312	\$4,670	\$724	\$83,140
General and administrative expenses	\$1,439	\$12,314	\$2,769	\$11,517
Consulting	\$2,400	\$1,250	Nil	\$28,500
Rent	Nil	\$8,000	\$2,000	\$6,910
Transfer agent and filing fees	Nil	Nil	Nil	\$21,126
Stock-based compensation	\$51,300	11,400	Nil	\$46,916
Net Loss	(\$62,451)	(\$77,634)	(\$18,664)	(\$224,904)
Basic and diluted loss per common share	\$0.02	\$0.02	\$0.02	\$0.00
Total assets	\$79,749	\$122,954	\$75,805	\$264,535
Long-term financial liabilities	Nil	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil	Nil

### ***Management's Discussion and Analysis***

Carrara's MD&A provides an analysis of its financial results for the year ended July 31, 2016 and for the period from incorporation to July 31, 2015 and the six month period ended January 31, 2017 and January 31, 2016, and should be read in conjunction with the financial statements of Carrara for such periods, and the notes thereto respectively. Carrara's MD&A for the year ended July 31, 2016 and for the period from incorporation to July 31, 2015 are available on SEDAR in Carrara's prospectus dated November 29, 2016. Carrara's MD&A for the six month period ended January 31, 2017 and January 31, 2016 are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Description of Securities**

### ***Common Shares***

The authorized capital of Carrara consists of an unlimited number of common shares without par value. As of the date of this Information Circular, 11,987,000 Carrara Shares are issued and outstanding as fully paid and non-

assessable.

Carrara Shareholders are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Carrara and each Carrara Share confers the right to one vote in person or by proxy at all meetings of the shareholders of Carrara. The holders of Carrara Shares, subject to the prior rights, if any, of any other class of shares of Carrara, are entitled to receive such dividends in any financial year as the Carrara Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Carrara, whether voluntary or involuntary, Carrara Shareholders are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Carrara, the remaining property and assets of Carrara.

### ***Agent's Options***

As of the date of this Information Circular, there are 373,700 Agent's Options exercisable for one Carrara Share at an exercise price of \$0.10 per share until 4:00 p.m. on December 21, 2018.

### ***Carrara Stock Options***

As of the date of this Information Circular, there are 800,000 Carrara Stock Options issued and outstanding. The Carrara Stock Options were issued pursuant to Carrara's stock option plan, approved by the directors of Carrara on September 7, 2016. For more information about Carrara's stock option plan, please see "Stock Option Plans and Other Incentive Plans" below.

The issued and outstanding Carrara Stock Options are exercisable for one Carrara Share at an exercise price of \$0.10 per share until September 7, 2021.

### **Dividend Policy**

There are no restrictions that would prevent Carrara from paying dividends on the Carrara Shares, however, Carrara has neither declared nor paid any dividends on the Carrara Shares since incorporation and has not established any dividend or distribution policy. Any decision to pay dividends in the future will be made by the Board of the Resulting Issuer on the basis of earnings, financial requirements and other conditions existing at such time and will be made subject to the provisions of the Resulting Issuer's articles and the provisions of the BCBCA.

### **Prior Sales**

The following table summarizes the sales of securities of Carrara in the twelve months prior to the date of this Information Circular:

<b>Issue Date</b>	<b>Price Per Common Share</b>	<b>Number of Common Shares Issued</b>	<b>Proceeds to the Issuer</b>
May 15, 2016	\$0.05	1,400,000	\$70,000
July 8, 2016	\$0.05	1,500,000	\$75,000
December 21, 2016	\$0.10	300,000	\$N/A <sup>(1)</sup>
December 21, 2016	\$0.10	3,737,000	\$279,830 <sup>(2)</sup>
<b>Total</b>		<b>6,937,000</b>	<b>\$424,830</b>

**Notes:**

(1) On December 21, 2016, Carrara issued 300,000 Carrara Shares to the optionor of the Boomerang Property pursuant to a property option agreement dated December 15, 2014. The Carrara Shares were issued as consideration for the option and as such, no proceeds were received by Carrara for the issuance of same.

(2) On December 21, 2016, Carrara completed an initial public offering of its common shares for gross proceeds of \$373,700. Net proceeds of the offering totaled \$279,830 after the payment of agent's fees, expenses and disbursements pursuant to an agency agreement entered into between Carrara and Haywood Securities Inc. in connection with the offering.

### **Escrowed Securities**

The following table sets forth the details of Carrara Shares that are subject to escrow as of the date of this Information Circular:



Name	No. of Escrowed Carrara Shares(1)	Percentage of Issued and Outstanding Carrara Shares
Robert Coltura	1,530,000	12.76%
A. Salman Jamal	1,530,000	12.76%

Note:

(1) Pursuant to an escrow agreement (the "**Escrow Agreement**") made as of September 30, 2016, among Carrara, TSX Trust Company (the "**Escrow Agent**") and certain principals of Carrara (the "**Principals**"), the Principals agreed to deposit into escrow their Carrara Shares (the "Escrowed Securities") with the Escrow Agent. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the date that the Carrara Shares were listed on the Exchange and that, where there are no changes to the Carrara Shares initially deposited and no additional Escrowed Securities, the remaining Escrowed Securities will be released in equal tranches of 15% every 6 month interval thereafter, over a period of 36 months.

### Shares Subject to Resale Restrictions

Currently, there are no reserved or issued and outstanding Carrara Shares that are subject to resale restrictions.

### Market for Securities

The Carrara Shares have been listed for trading on the Exchange under the symbol "CAA" since December 21, 2016. Trading of the Carrara Shares was halted on March 21, 2017 pending the completion of the Proposed Transaction and the approval by the Exchange of same, and the listing of the Resulting Issuer Shares on the Exchange. The last closing price of the Carrara Shares on the Exchange (March 15, 2017) was \$0.22.

The following table sets out the high and low trading prices, as well as the trading volume, for the Carrara Shares on the Exchange for the periods indicated since same were listed for trading.

Trading Price and Volume December 21, 2016 to March 15, 2017			
Period	High (\$)	Low (\$)	Volume
March 1 to 15, 2017	0.26	0.155	488,500
February 2017	0.29	0.115	588,500
January 2017	0.13	0.115	10,000
December 21 to 31, 2016	N/A	N/A	Nil

### Executive Compensation

The executive compensation discussion below discloses compensation paid to the following individuals:

- (a) each individual who, in respect of Carrara, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of Carrara, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;
- (c) in respect of Carrara and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with Section 1.3(5) of NI 51-102F6V, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of Carrara, nor acting in a similar capacity, as at the end of the most recently completed financial year;

(each, a "**Named Executive Officer**").

During the financial year ended July 31, 2016, Carrara had three individuals who were Named Executive Officers, namely:

- (a) Stephen B. Butrenchuk, who was appointed the CEO of Carrara on July 7, 2016;
- (b) Robert Coltura, who was appointed the CFO of Carrara on July 7, 2016 and, prior to that, was the CEO of Carrara from December 15, 2014 to July 7, 2016; and
- (c) Jerry Minni, who was the CFO of Carrara from December 15, 2014 to July 7, 2016.

### ***Oversight and Description of Director and Named Executive Officer Compensation***

In assessing the compensation of its directors and Named Executive Officers, Carrara does not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board of Directors.

As of the date of this Information Circular, Carrara's Board of Directors has not established any benchmark or performance goals to be achieved or met by Named Executive Officers, however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of Carrara. The satisfactory discharge of such duties is subject to ongoing monitoring by Carrara's directors.

Pursuant to Form 51-102FV6 – *Statement of Executive Compensation – Venture Issuers*, a company that is a new reporting issuer is not required to provide completed financial year information if the company was not a reporting issuer at any time during the most recently completed financial year. Carrara became a reporting issuer on December 21, 2016, after the most recently completed financial year, and as such, this information is not included in this Information Circular. See Carrara's prospectus dated November 29, 2016 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a discussion of executive compensation for the year ended July 31, 2016 and for the period from incorporation to July 31, 2015.

Please see "Information Concerning the Resulting Issuer" for a discussion of how the Resulting Issuer will determine director and Named Executive Officer compensation in the event that the Proposed Transaction is completed.

### **Stock Option Plans and Other Incentive Plans**

Carrara's stock option plan was approved by Carrara's directors on September 7, 2016 and has not yet been approved by the Carrara Shareholders (see "Carrara Meeting - Particulars of Matters to be Acted Upon"). The purpose of the stock option plan is to assist Carrara in attracting, retaining and motivating directors, officers, employees and consultants (together "**service providers**") of Carrara and of its affiliates and to closely align the personal interests of such service providers with the interests of Carrara and its shareholders.

The stock option plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of Carrara issued and outstanding from time to time.

The stock option plan will be administered by the Carrara Board of Directors, who will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the stock option plan to such service providers of Carrara and its affiliates, if any, as the Board may from time to time designate. The exercise prices shall be determined by the Board, but shall, in no event, be less than the closing market price of the Carrara Shares on the Exchange on the date of grant of such options, less the maximum discount permitted under the Exchange policies. The stock option plan provides that the number of common shares issuable on the exercise of options granted to all persons together with all of Carrara's other previously granted options may not exceed 10% of the issued and outstanding Carrara Shares on a non-diluted basis, from time to time. In addition, the number of Carrara Shares, which may be reserved for issuance to any one individual upon the exercise of all stock options held by such individual within a one-year period, may not exceed 5% of the Carrara Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of Carrara. Subject to earlier termination in the event of dismissal for cause, early retirement, voluntary resignation or termination other than for cause, or in the event of death or disability, all options granted under the stock option plan will expire on the date set by the Board as the expiry date of the option, which

expiry date shall not be more than 10 years from the date that such options are granted. Options granted under the stock option plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

As of the date of this Information Circular, there are 800,000 Carrara Stock Options granted to Carrara's directors and Named Executive Officers.

### Employment, Consulting and Management Agreements; External Management Companies

The management functions of Carrara are primarily performed by the directors and executive officers of Carrara. As of the date of this Information Circular, Carrara has not executed any employment or management agreements with any of its directors, executive officers or an external management company, however, it pays management fees on a month-to-month basis to Matalia Investments Ltd., a company controlled by Robert Coltura.

The services provided by Matalia Investments Ltd. include, but are not limited to, the provision of all day-to-day services required by a reporting entity including liaison with Carrara's accounting and legal representatives, securities regulatory bodies and investment firms, as well as the preparation and dissemination of corporate and market information to Carrara's shareholders, the review and negotiation of corporate investment opportunities, and such other services as the Board of Directors may request.

Carrara also pays consulting fees to Syndicated Capital Corp., a company controlled by A. Salman Jamal, pursuant to a consulting agreement dated January 1, 2017. The services provided by Syndicated Capital Corp. are delivered on an independent contractor basis and include assisting Carrara in establishing its long-term goals, contributing to the development and evaluation of the Company's strategic plan and assisting with the negotiation and structuring of any proposed transactions.

### Principal Securityholders

The following table sets out, to the knowledge of the directors and executive officers of Carrara, based on public information, those persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying 10% or more of the voting rights attached to all of the issued and outstanding common shares as at the date of this Information Circular:

Name of Shareholder	Number of Common Shares Beneficially Owned or Controlled	Percentage of Outstanding Common Shares(1)
Robert Coltura	1,700,000	14.20%
A. Salman Jamal	1,700,000	14.20%

Note:

(1) Assumes 11,987,000 common shares issued and outstanding.

### Directors and Officers

The following table provides the names, provinces of residence, positions, principal occupations and the number of voting securities of Carrara that each of the directors and officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Province of Residence and Position with Carrara	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly
<b>Stephen B. Butrenchuk</b> Alberta, Canada <i>President, Chief Executive Officer, Director</i>	President, Chief Executive Officer and Director since July 7, 2016	Self-employed consulting geologist from 1994 to present; Director of APAC Resources Inc. from May 2012 to present; Director of Stone Ridge Exploration Corp. from October 2015 to present; Director of Goldstar Minerals Inc. from June 2010 to present; Director of Anfield Resources Inc. from June 2010 to present;	None

Name and Province of Residence and Position with Carrara	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly
		<p>Director of Montego Resources Inc. from July 2012 to September 2016; Director of Oxford Resources Inc. from March 2010 to July 2015; Director of Inexco Mining Corp. from June 2014 to March 2015; Director, Chief Executive Officer and President of Gold Ridge Exploration Corp. from May 2011 to July 2013; President and CEO of Pacific Potash Corporation from June 2011 to May 2013; Director of Trigold Resources Inc. from April 2011 to January 2013; Director of Passport Potash Inc. from April 2010 to May 2012; Director of Mega Copper Ltd. from May 2009 to February 2012.</p>	
<p><b>Robert Coltura</b> British Columbia, Canada <i>Chief Financial Officer, Corporate Secretary, Director</i></p>	<p>Director since December 15, 2014. Chief Financial Officer and Corporate Secretary since July 7, 2016.</p>	<p>President of Matalia Investments Ltd. from October 1993 to present; Director and Chief Executive Officer of Nexco Resources Inc. from December 2012 to present; Director of Four River Ventures Ltd. from June 2016 to November 2016; President, Chief Executive Officer and Director of Stone Ridge Exploration Corp. from January 2012 to present; President, Chief Executive Officer and Director of APAC Resources Inc. from May 2011 to present; Director of GMV Minerals Inc. from April 2014 to present; President, Chief Executive Officer and Director of Montego Resources from July 2012 to October, 2016; President, Chief Executive Officer and Director of Portofino Resources Inc. from March 2012 to November 2016; President and Chief Executive Officer of Carrara Exploration Corp. from December 2014 to July 2016; Director of Golden Peak Minerals Inc., from March 2011 to June 2016 and President and Chief Executive Officer from April 2011 to June 2016; Director of Graphene 3D Labs Inc. from June 2011 to May 2016; Director of Portola Resources Inc. from June 2011 to July 2016; Director of Turquoise Capital Corp. from March 2013 to May 2014; Director of Pacific Potash Corp. from June 2013 to October, 2013; President and Chief Executive Officer of Trigold Resources Inc. from November 2010 to February 2013 and Director from November 2010 to September 2013; Chief Financial Officer of 88 Capital Corp. from April 2012 to December 2012 and Director from March 2011 to December 2012; Director, President and Chief Executive Officer of Goldstar Minerals Inc. from May 2010 to June 2012; Director, President and Chief Executive Officer of Highpointe Exploration Inc. from November 2009 to December 2012; President and Chief Executive Officer of Mega Copper</p>	<p>1,700,000 14.20%</p>

Name and Province of Residence and Position with Carrara	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly
		Ltd. from April 2009 to February 2012; Director of Iron South Mining Corp. from August 2002 to September 2013.	
<b>A. Salman Jamal</b> British Columbia, Canada <i>Director</i>	Director since December 15, 2014	President of Syndicated Capital Corp. from March 2002 to present; Director of Montego Resources Inc. from July 2012 to September 2016; Director of Emerita Resources Corp. from March 2010 to January 2013.	1,700,000 14.20%
<b>Matthew Coltura</b> British Columbia, Canada <i>Director</i>	Director since July 7, 2016	Student; currently enrolled in Okanagan College's Business Administration Program (expected to graduate May, 2017); Director of Stone Ridge Exploration Corp. from March 2015 to present; Director and Chief Financial Officer of Cayenne Capital Corp from September 9, 2016 to present; Sales Representative (part-time), Envision Financial, a division of First West Credit Union.	None

***Corporate Cease Trade Orders or Bankruptcies***

To Carrara's knowledge:

- (a) no existing or proposed director, executive officer or promoter of Carrara is, or within the ten years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in the capacity of director or executive officer of that company, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days;
- (b) no existing or proposed director, executive officer or promoter of Carrara is, or within the ten years prior to the date hereof ceased to be a director or executive officer of any other company that, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the director, executive officer or promoter ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer; and
- (c) no existing or proposed director, executive officer or promoter of Carrara is, or within the ten years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in the capacity of director, executive officer or promoter of that company, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

***Penalties or Sanctions***

To Carrara's knowledge, no existing or proposed director, executive officer, promoter or other member of management of Carrara has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### ***Personal Bankruptcies***

To Carrara's knowledge no existing or proposed director, officer, promoter or other member of management of Carrara has, during the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Corporate Governance Disclosure**

The Board of Directors believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as Carrara. In addition, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") of the Canadian Securities Administrators requires Carrara to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

### ***Board of Directors***

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is 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 a view to the best interests of Carrara, other than interests and relationships arising from shareholdings.

The Board is comprised of four directors, all of whom are not independent for the purposes of NI 58-101. Stephen B. Butrenchuk is a member of Carrara's management and is not independent as he serves as President and Chief Executive Officer of Carrara. Robert Coltura is a member of Carrara's management and is not independent as he serves as Chief Financial Officer and Corporate Secretary of Carrara. A. Salman Jamal is not independent as his company, Syndicated Capital Corp., provides consulting services on an independent contractor basis to Carrara and receives consulting fees in respect thereof. Matthew Coltura is not independent because he is the son of Robert Coltura.

The Board of Directors facilitates its exercise of independent supervision over Carrara's management through meetings of the Board. Carrara acknowledges that its Board is not constituted in accordance with the recommendation of NI 58-101 that the majority of the members of the Board of Directors be independent, however, Stephen Butrenchuk, Robert Coltura and Salman Jamal have significant experience as directors and officers of publicly traded companies or as members of the financial investment community and as such, are aware of their fiduciary duties to Carrara and do not require the oversight of a majority-independent board.

### ***Directorships***

The following table sets out the directors of Carrara who are currently directors of other reporting issuers:

<b>Name</b>	<b>Reporting Issuer</b>
Stephen B. Butrenchuk	Anfield Resources Inc. APAC Resources Inc. Goldstar Minerals Inc. Stone Ridge Exploration Corp.
Robert Coltura	APAC Resources Inc. GMV Minerals Inc. Stone Ridge Exploration Corp. Nexco Resources Inc.
Matthew Coltura	Stone Ridge Exploration Corp. Cayenne Capital Corp.

### ***Orientation and Continuing Education***

The Board of Directors does not have a formal orientation or education program for new members, however, when new directors are appointed they receive informal orientation, commensurate with their previous experience, on Carrara's business, assets and industry and on the responsibilities of directors. Directors are nominated only for a one-year term; therefore, if the director can no longer meet his or her obligations as a director, he or she would not be nominated the following year.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit Carrara's operations. Board members have full access to Carrara's records.

### ***Ethical Business Conduct***

The Board of Directors has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by Carrara's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of Carrara.

### ***Nomination of Directors***

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole, however, if there is a change in the number of directors required by Carrara, this policy will be reviewed.

### ***Assessments***

Due to the minimal size of the Board of Directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, the Audit 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 purpose of originally nominating the individual to the Board.

### ***Compensation***

The Board of Directors has not established a formal compensation committee. Rather, the Board is responsible for determining compensation for the directors and officers of Carrara to ensure it reflects the responsibilities and risks of being a director of a public company.

The performance of the Chief Executive Officer, Chief Financial Officer and other senior management of Carrara is evaluated by the non-management Board members and measured against Carrara's business goals and industry compensation levels.

### ***Other Board Committees***

The Board has no committee other than the Audit Committee.

### ***Conflicts of Interest***

The directors of Carrara are required by law to act honestly and in good faith with a view to the best interests of Carrara and to disclose any interests, which they may have in any project or opportunity of Carrara. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To Carrara's knowledge and other than disclosed herein, there are no known existing or potential conflicts of interest among Carrara, its promoters, directors and officers or other members of management of Carrara or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies and therefore it is possible that a conflict may arise between their duties to Carrara and their duties as a director or officer of such other companies.

### **Audit Committee**

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires Carrara to disclose certain information relating to its audit committee (the "**Audit Committee**"). Carrara must also, pursuant to the provisions of NI 52-110, have a written charter, attached as Schedule "D" hereto, which sets out the duties and responsibilities of its Audit Committee. In providing the following disclosure, Carrara is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

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

Venture issuers are required to maintain an audit committee of at least 3 members, the majority of whom are not executive officers, employees or control persons of such venture issuer or an affiliate of the venture issuer.

Carrara's Audit Committee is currently comprised of three directors: A. Salman Jamal (Chairman), Robert Coltura and Matthew Coltura. All of the Audit Committee members are "financially literate" and only Robert Coltura is an executive officer, employee or control person of Carrara as he is its Chief Financial Officer and Corporate Secretary.

A person is considered to be a control person of an issuer if they hold a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer. If a person, or combination of persons, holds more than 20% of such voting rights, they are deemed, in the absence of evidence to the contrary, to be a control person.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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 Carrara's financial statements.

### ***Relevant Education and Experience of Current Audit Committee***

A. Salman Jamal - Mr. Jamal serves as President of Syndicated Capital Corp. and has been an investor relations consultant for several companies. He also has served as a director of several reporting issuers and is familiar with the financial reporting requirements applicable to public companies in Canada.

Robert Coltura – Mr. Coltura is the President of Matalia Investments Ltd. and is a director of several public companies and serves as a member of the audit committee of several reporting issuers and is familiar with the financial reporting requirements applicable to public companies in Canada.

Matthew Coltura – Mr. Coltura has completed a two year diploma program at Okanagan College, Kelowna and holds a Business Administration Diploma with an accounting option from that institution. Additionally, Mr. Coltura is currently enrolled in the Bachelor of Business Administration program (a four year degree program) offered by Okanagan College and anticipates graduating from such study program with a B.B.A. degree (specializing in Finance) in May, 2017.

### ***External Auditor Service Fees***

Carrara was not billed for any fees by an external auditor during the financial year ended July 31, 2016 or the period from incorporation to July 31, 2015.

### ***Audit Committee Oversight***

The Audit Committee was established on September 7, 2016 and will, among other things, make recommendations to the Board of Directors to nominate or compensate an external auditor. As of the date of this Information Circular, the Audit Committee has not made any such recommendations for the Board to consider.



### ***Reliance on Certain Exemptions***

At no time since the commencement of Carrara's most recently completed financial year has Carrara relied on the exemptions in Sections 2.4, 3.2, 3.4, 3.5, 3.6 or Part 8 of NI 52-110, or an exemption from subsections 3.3(2) of NI 52-110.

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

The Audit Committee is authorized by the Board of Directors to review the performance of Carrara's external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services engaged by Carrara. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration and, if thought fit, approval in writing.

### **Legal Proceedings**

As at the date of this Information Circular, Carrara is not a party to any legal proceedings or regulatory actions and is not aware of any such proceedings known to be contemplated.

### **Auditor**

The auditors of Carrara are Manning Elliott LLP, Chartered Professional Accountants, located at the 11th Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

### **Registrar and Transfer Agent**

The registrar and transfer agent of Carrara is TSX Trust Company of Suite 2700, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

### **Material Contracts**

Carrara has not entered into any material contracts, except in the ordinary course of business, which are currently in force or effect, other than:

1. Property Option Agreement made between Carrara, Craig A. Lynes and Rich River Exploration Ltd., dated December 15, 2014 pertaining to the Boomerang Property.
2. Stock Option Plan approved by the Board of Directors on September 7, 2016.
3. Stock Option Agreements approved by the Board of Directors on September 7, 2016 between Carrara and the directors and officers of Carrara.
4. Escrow Agreement among Carrara, TSX Trust Company and certain Principals of Carrara made as of September 30, 2016.
5. Amalgamation Agreement among Carrara, Subco and PMI dated March 21, 2017, as described herein.

Copies of the foregoing agreements will be available for inspection at the registered offices of Carrara, Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1, during ordinary business hours, until completion of the Proposed Transaction and for a period of 30 days thereafter. Copies of the foregoing agreements are also available on Carrara's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **INFORMATION CONCERNING PMI**

### **Corporate Structure**

PMI was incorporated on October 2, 2015 under the name "PreveCeutical Medical Inc." pursuant to the BCBCA.

PMI's registered and records office is located at Suite 605, 815 Hornby Street, Vancouver, British Columbia, V6Z 2E6; and its head office is located at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3.

PMI has no subsidiaries.

### **Narrative Description of the Business**

Since its incorporation, PMI has been engaged in the health and wellness business with a focus on utilizing nature and science for the benefit of health conscious consumers. PMI's focus in this regard has been on the use of Caribbean Blue Scorpion venom, which appears to support health at a deep cellular level, having been used for many years and in over 40 countries.

PMI does not currently generate significant revenue and has not generated any profits.

### **Products**

PMI currently has one product available for sale, the CELLB9™ Immune System Booster. CELLB9™ is an oral solution containing polarized and potentiated essential minerals extracted from a novel peptide, obtained from Caribbean Blue Scorpion venom. The solution is colorless and odourless and can be administered orally. The intellectual property rights associated with this novel peptide are held by Medolife International, Inc. ("**Medolife**") and the global sale, distribution and marketing of this novel peptide is granted exclusively by Medolife to PMI pursuant to nutraceutical product license and distribution agreement dated February 8, 2016.

### **Patents**

PMI does not own any patents, however, the process associated with the treatment of Caribbean Blue Scorpion venom to produce the CELLB9™ Immune System Booster is protected by Patent # US 8097284 B22, which is owned by Medolife and licensed to PMI for commercialization.

### **Competition**

A limited supply of Caribbean Blue Scorpion venom for the production of the CELLB9™ product is available from the following three suppliers:

1. Escozul produced by LifEscozul, based in Ecuador with product produced in Cuba;
2. Escozine produced by Medolife, based in the United States of America with product produced in Cuba; and
3. Vidatox produced by Labiofam based in Cuba with product produced in Cuba.

### **Business Objectives and Milestones**

PMI's short-term business objectives are as follows:

1. Increase sales and initiate wholesale distribution of CELLB9™ Immune System Booster

PMI intends to move forward with its internet sales strategy for the CELLB9™ product and has commenced its Health Canada application for a Natural Product Number ("**NPN**") and is also undertaking Nutraceutical/Holistic Medicine registrations for the United States and European Union.

2. Energy Drink Development

PMI intends to develop a special formulation of polarized Caribbean Blue Scorpion venom in three therapeutic energy

drinks. The drink formulations are in the product development stage and PMI anticipates offering the beverages for sale in North America in 2018.

### 3. Pre-Clinical Evaluation

PMI intends to conduct a 36-month pre-clinical evaluation program of Caribbean Blue Scorpion venom to be led by Dr. Makarand Jawadekar, PMI's chief science officer, which is anticipated to cover the following subjects:

- (a) Assessment of currently available research data on nature identical peptides;
- (b) Synthesis of targeted peptides and their stability assessment;
- (c) Propose target product profile for Investigational New Drug (see below) dosage form; and
- (d) The filing of an Investigational New Drug ("**IND**") submission with the United States' Food and Drug Administration (the "**US-FDA**"). The IND program is the means by which PMI would obtain permission to ship an experimental drug across state lines (usually to clinical investigators) before a marketing application for the drug has been approved the US-FDA.

PMI's overall goal in carrying out the pre-clinical evaluation of Caribbean Blue Scorpion venom is to develop an extensive patent portfolio and position specific synthesized peptide(s) for IND program approval and Phase I clinical trials in partnership with established pharmaceutical industry participants. Phase I trials are used to test a new drug or treatment in a small group of people for the first time to evaluate its safety, determine a safe dosage range, and identify side effects.

In furtherance of PMI's interest in the preventative health sector and developing products derived from Caribbean Blue Scorpion venom for the nutraceutical and eventual pharmaceutical market., including the CELLB9™ product, which contains peptides that are obtained from Caribbean Blue Scorpion venom, and due to increasing evidence of the clinical benefits presented by CBDs, and recent legalization of medical marijuana across a number of jurisdictions, PMI has entered into two distinct research and option agreements with UniQuest PTY Limited. ("**UniQuest**") as described below.

The research and option agreements entered between PMI and UniQuest are:

- (a) A research and option agreement dated effective April 18, 2017 between PMI and UniQuest, pursuant to which UniQuest is to conduct a research program for the development of scorpion venom derived natural and synthetic peptides for the commercialization of Caribbean Blue Scorpion venom derived products by PMI.

Under this research program, in collaboration with UniQuest, PMI would like to identify the active components (peptides) that are providing the immune boosting and tumor selective painting properties, access synthetic versions of the active peptides as an alternative to relying on milking the Caribbean Blue Scorpions, and ultimately identify other therapeutic applications for the Caribbean Blue Scorpion venom and/or active peptides.

The duration of the proposed research program is up to twenty-four (24) months and will encompass the identification of milked Caribbean Blue Scorpion venom containing peptides, chemical synthesis of natural and synthetic peptide variants stabilized with UQ's proprietary chemistry, followed by screening the peptides in disease models of interest. The proposed Research Program will be carried out in three (3) phases.

Intellectual property arising from this research program (excluding any improvements to existing intellectual property used in the research program) will be owned by PMI. At any time during this research program or within 60 days after the completion of the program, this agreement provides PMI with an option to negotiate with UniQuest for an exclusive worldwide license to use UniQuest's intellectual property in bio-reducible amino acid derivatives, bio-reducible peptide dendrimers synthesized from the amino acid derivatives, methods and know-how for producing such bio-reducible derivatives and dendrimers for the commercialization of Caribbean Blue Scorpion venom derived products by PMI. The granting of the license is subject to the parties negotiating the

terms of the grant and entering into a definitive licensing agreement, pursuant to which such license would be subject to a royalty of 3% of net sales payable by PMI to UniQuest and other payments to be agreed upon in such definitive agreement.

- (b) A research and option agreement dated effective April 22, 2017 between PMI and UniQuest, pursuant to which UniQuest is to conduct a research program for the extraction, formulation and ex vivo evaluation of cannabinoids ("CBDs") for local/systemic/direct nose-to-brain delivery via soluble gels ("sol-gels") for the commercialization of nasal delivery of CBDs by PMI.

Under this research program, PMI is seeking the development and evaluation of translatable formulations for systemic/central nervous system ("CNS") delivery of CBDs, for which, sol-gels present an ideal platform for achieving this aim, being in-solution upon administration, and rapidly gelling upon contact with mucosal tissue, paving the way for safer, reliable drug delivery for agents, such as CBDs that are rapidly metabolized, or that would benefit from direct nose-to-brain CNS delivery to provide clinical benefit.

The duration of this proposed research program is approximately thirty (30) months. The proposed research program will be carried out in three (3) phases and will encompass the bulk fractioned extraction and high performance liquid chromatography fingerprinting of plant-derived CBDs, formulation of sol-gels infused with fractionated CBD extracts, and performing longitudinal CBD-fraction delivery study form lead sol-gels.

Intellectual property arising from this research program (excluding any improvements to existing intellectual property used in the research program) will be owned by PMI. At any time during this research program or within sixty (60) days after the completion of the research program, this agreement provides PMI with an option to negotiate with UniQuest for an exclusive worldwide license to use UniQuest's intellectual property in sol-gels for rapid gelation on nasal mucos for the commercialization of nasal delivery of CBDs by PMI. The granting of this license is subject to the parties negotiating the terms of the grant and entering into a definitive licensing agreement, pursuant to which such license will be subject to a royalty of 5% of net sales payable by PMI to UniQuest in addition to other payments to be contemplated under the definitive agreement.

## Selected Financial Information and Management's Discussion and Analysis

### *Annual Information*

The following table summarizes selected information from PMI's audited financial statements for the financial year ended December 31, 2016 and the period ended December 31, 2015.

	<b>Year Ended December 31, 2016 (audited)</b>	<b>Period Ended December 31, 2015 (audited)</b>
Total revenues	\$31,054	Nil
Cost of goods	\$33,121	Nil
Advertising and promotion	\$70,920	\$6,892
Professional fees	\$216,342	\$2,375
General and administrative expenses	\$807,212	\$107,440
Consulting	\$271,849	Nil
Rent and utilities	\$36,852	\$6,300
Stock-based compensation	\$1,321,975	Nil
Asset impairment	\$400,000	Nil
Net Loss	\$3,127,217	\$123,007
Basic and diluted loss per common share	(0.0815)	(0.0076)
Total assets	\$107,682	\$35,002
Long-term financial liabilities	Nil	Nil

	<b>Year Ended December 31, 2016 (audited)</b>	<b>Period Ended December 31, 2015 (audited)</b>
Cash dividends per share	Nil	Nil

### ***Management's Discussion and Analysis***

PMI's MD&A provides an analysis of its financial results for the year ended December 31, 2016 and the period ended December 31, 2015, and should be read in conjunction with the financial statements of PMI for such periods, and the notes thereto respectively. PMI's MD&A for the mentioned financial year and period are attached to this Information Circular as Schedule "B".

### **Description of Securities**

#### ***Common Shares***

The authorized share capital of PMI consists of an unlimited number of PMI Shares without par value. As of the date of this Information Circular, 40,629,408 PMI Shares were issued and outstanding.

Holders of PMI Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of PMI, and each PMI Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the PMI Board.

#### ***Stock Options***

As of the date of this Information Circular, there are 3,950,000 PMI Stock Options issued and outstanding. The PMI Stock Options were issued pursuant to PMI's stock option plan, approved by the PMI Board on July 20, 2016. For more information about PMI's stock option plan, please see "Stock Option Plans and Other Incentive Plans" below.

The PMI Stock Options are exercisable for one PMI Share at an exercise price of \$0.25 per share for 48 months from the date such stock options were granted.

### **Dividend Policy**

Other than statutory rules provided by the BCBCA, there are no restrictions in PMI's articles that prevent PMI from declaring dividends. The payment of dividends, if any, rests within the sole discretion of the directors of PMI. The decision to declare and pay dividends depends upon PMI's earnings, capital requirements and financial condition, as well as other relevant factors. Since incorporation, PMI has not declared any cash dividends and it intends to retain its earnings to finance the growth and expansion of its operations. As such, neither PMI nor the Resulting Issuer anticipate paying any dividends on its common shares or other securities in the foreseeable future.

### **Prior Sales**

The following table summarizes the sales of securities of PMI in the twelve months prior to the date of this Information Circular:

<b>Issue Date</b>	<b>Price Per Common Share</b>	<b>Number of Common Shares Issued</b>	<b>Proceeds to the Issuer</b>
June 17, 2016	\$0.25	1,395,000	\$348,750
July 4, 2016	\$0.25	920,000	\$230,000
August 24, 2016	\$0.25	500,000	\$125,000
August 25, 2016	\$0.25	396,300	\$99,075
December 15, 2016	USD \$0.35	71,427	USD \$24,999
December 15, 2016	\$0.50	88,081	\$44,041
February 15, 2017	USD \$0.35	2,000	USD \$700

## Escrowed Securities

There are no PMI Shares held in escrow as of the date of this Information Circular, however, certain Resulting Issuer Shares to be issued to and held by former PMI Shareholders who become "related persons" of the Resulting Issuer will be subject to Exchange escrow requirements. Additionally, certain former related persons of PMI who will not be related persons of the Resulting Issuer will be subject to the same escrow requirements as those applied to those who will become related persons of the Resulting Issuer. See "Information Concerning the Resulting Issuer – Escrowed Securities."

## Executive Compensation

The executive compensation discussion below discloses compensation paid to the Named Executive Officers (as defined in "Information Concerning Carrara – Executive Compensation") of PMI.

During the financial year ended December 31, 2016, PMI had four individuals who were Named Executive Officers, namely: Stephen Van Deventer, Chief Executive Officer, Kimberly Van Deventer, President, Jeremy Wright, former Chief Financial Officer and Shabira Rajan, current Chief Financial Officer.

### *Compensation Discussion and Analysis*

The overall objective of PMI's compensation strategy is to offer medium-term and long-term compensation components to ensure that PMI has in place programs to attract, retain and develop management of the highest calibre and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the CEO, if any, in this regard. PMI currently has short and long-term compensation components in place, and intends to further develop these compensation components. PMI does not have consulting or employment agreements in place with any Named Executive Officers except for a consulting agreement with Shabira Rajan, PMI's current Chief Financial Officer. Overall, the objectives of PMI's compensation policies and procedures are intended to align the interests of PMI's consultants and employees with the interests of PMI's shareholders.

PMI does not currently have in place any compensation or nominating committee. All tasks related to developing and monitoring PMI's approach to the compensation of the directors and officers of PMI and the nomination of directors to the PMI Board, are performed by the members of the PMI Board. The PMI Board is responsible for reviewing, recommending and approving compensation of PMI's Named Executive Officers, directors and employees.

Under PMI's compensation policies and practices, Named Executive Officers and directors are not prevented from purchasing financial instruments, including 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 Named Executive Officers or director; however, the PMI Board does not believe that PMI's compensation policies and practices encourage executive officers to take unnecessary or excessive risk.

### *Summary Compensation Table*

The following table sets forth the value of the compensation, excluding compensation securities, of PMI's Named Executive Officers for the year ended December 31, 2016 and for the period from incorporation to December 31, 2015.

Name and principal position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	All other compensation	Total compensation
Stephen Van Deventer Chief Executive Officer and Director <sup>(1)</sup>	2016	\$180,000	--	--	--	--	\$180,000
	2015	--	\$45,000	--	--	--	\$45,000
Kimberly Van Deventer	2016	\$144,000	--	--	--	--	\$144,000

Name and principal position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	All other compensation	Total compensation
President and Director <sup>(1)(2)</sup>	2015	--	\$36,000	--	--	--	\$36,000
<b>Jeremy Wright</b> Former Chief Financial Officer and Director <sup>(1)(3)</sup>	2016	\$69,000	--	--	--	--	\$69,000
	2015	--	--	--	--	--	--
<b>Shabira Rajan</b> Chief Financial Officer <sup>(1)(4)</sup>	2016	\$35,000	--	--	--	--	\$35,000
	2015	--	--	--	--	--	--
<b>Alex Bayer<sup>(6)</sup></b> Former Director	2016	\$25,000 <sup>(5)</sup>	--	--	--	--	\$25,000
	2015	--	--	--	--	--	--
<b>Brian Harris</b> VP Corporate Development and Director	2016	\$140,000	--	--	--	--	\$140,000
	2015	--	--	--	--	--	--
<b>Greg Reid</b> Director	2016	--	--	--	--	--	--
	2015	--	--	--	--	--	--

Notes:

(1) Designates Named Executive Officer. All Named Executive Officers received their compensation for services rendered as a Named Executive Officer as opposed to as a director.

(2) Kimberly Van Deventer was also CFO from October 16, 2015 to February 17, 2016.

(3) Jeremy Wright served as CFO from February 17, 2016 to August 31, 2016. Jeremy Wright resigned as a director on February 19, 2017.

(4) Shabira Rajan was appointed CFO on September 1, 2016.

(5) One-time fee paid to Mr. Bayer for consulting services, not for director services.

(6) Mr. Bayer resigned as a director on February 10, 2017.

**Stock Options and Other Compensation Securities**

The following table sets out all compensation securities granted or issued to each director and Named Executive Officer of PMI in the most recently completed financial year for services to be provided, directly or indirectly, to PMI:

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	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	Percentage of PMI Shares currently issued & outstanding <sup>(3)</sup>
<b>Stephen Van Deventer</b> Chief Executive Officer and Director	Incentive stock option	250,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	August 11, 2020	0.62%
<b>Kimberly Van Deventer</b> President and Director	Incentive stock option	250,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	August 11, 2020	0.62%
<b>Jeremy Wright</b> Former Chief Financial Officer and Director	Incentive stock option	150,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	May 20, 2017 <sup>(1)</sup>	0.37%

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	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	Percentage of PMI Shares currently issued & outstanding <sup>(3)</sup>
<b>Shabira Rajan</b> Chief Financial Officer and Controller	Incentive stock option	250,000 PMI Stock Options, each exercisable for one PMI Share	September 1, 2016	\$0.25	N/A	N/A	September 1 2020	0.62%
<b>Greg Reid</b> Director	Incentive stock options	300,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	August 11, 2020	0.74%
<b>Brian Harris</b> VP Corporate Development and Director	Incentive stock options	1,000,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	August 11, 2020	2.46%
<b>Alex Bayer</b> Former Director	Incentive stock options	200,000 PMI Stock Options, each exercisable for one PMI Share	August 11, 2016	\$0.25	N/A	N/A	May 11, 2017 <sup>(2)</sup>	0.49%

Notes:

(1) The expiration date for Mr. Wright's options were originally set for August 11, 2018; however, as result of his resignation on February 19, 2017 the expiration of his options were accelerated to May 20, 2017.

(2) The expiration date for Mr. Bayer's options were originally set for August 11, 2018; however, as result of his resignation on February 10, 2017 the expiration of his options were accelerated to May 11, 2017.

(3) Based on 40,629,408 PMI Shares issued and outstanding as of the date of this Information Circular, rounded to two decimal places.

No incentive PMI Stock Options have been exercised as of the date of this Information Circular.

See "Stock Option Plans and Other Incentive Plans" below for further information regarding PMI's stock option plan.

### **Stock Option Plans and Other Incentive Plans**

PMI's incentive stock option plan was approved by the PMI Shareholders on August 8, 2016 and by the PMI Board on July 20, 2016 and is not required to be approved annually. The plan is a 10% rolling and incentive stock option plan pursuant to which PMI, as of the date of this Information Circular, has 3,950,000 non-transferable options issued and outstanding. Each option entitles the holder thereof to acquire one PMI Share within 48 months after the issuance date at an exercise price of \$0.25 per PMI Share.

The purpose of the stock option plan is to advance the interests of PMI by encouraging the directors, employees and consultants of PMI and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire shares in the capital of PMI, thereby increasing their proprietary interest in PMI, encouraging them to remain associated with PMI and furnishing them with additional incentive in their efforts on behalf of PMI in the conduct of its affairs.

### **Employment, Consulting and Management Agreements; External Management Companies**

As of the date of this Information Circular, PMI has four employees and seven consultants providing corporate development, financial, accounting, legal, and science research services pursuant to written employment and consulting agreements. None of these agreements contain payment provisions with respect to change of control, severance, termination or constructive dismissal or other compensation triggered by same.

Each of PMI's employees and contractors have entered into standard confidentiality agreements with PMI that prohibit



them from disclosing confidential information obtained during their employment or engagement with PMI.

### Principal Securityholders

The following table sets out, to the knowledge of the directors and executive officers of PMI, based on public information, those persons or companies that beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying 10% or more of the voting rights attached to all of the issued and outstanding PMI as at the date of this Information Circular:

Name of Shareholder	Number of PMI Shares Beneficially Owned or Controlled	Percentage of Outstanding PMI Shares <sup>(1)</sup>
Kimberly Van Deventer	7,000,000	17.23%
Stephen Van Deventer	7,800,000	19.20%
Cornerstone Global Partners Inc. <sup>(2)</sup>	9,672,100	23.81%

**Notes:**

(1) Based on 40,629,408 PMI Shares issued and outstanding as of the date of this Information Circular.

(2) Kimberly Van Deventer is a director, Stephen Van Deventer is a director and chief executive officer, and both are holders of more than 10% of voting securities of Cornerstone Global Partners Inc.

### Directors and Officers

The following table provides the names, provinces of residence, positions, principal occupations and the number of voting securities of PMI that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Province of Residence and Position with PMI	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly (at the date of this Information Circular) <sup>(1)</sup>
<b>Stephen Van Deventer<sup>(2)</sup></b> British Columbia, Canada  <i>Chief Executive Officer, Chairman of the Board of Directors</i>	Chief Executive Officer since October 16, 2015  Director since October 2, 2015	Entrepreneur, owner of Cornerstone Global Partners Inc.	12,636,050 (31.10%)
<b>Kimberly Van Deventer<sup>(3)</sup></b> British Columbia, Canada  <i>President and Director</i>	President and Director since October 2, 2015	Entrepreneur, owner of Cornerstone Global Partners Inc.	11,836,050 (29.13%)
<b>Brian Harris<sup>(4)</sup></b> British Columbia, Canada  <i>VP Corporate Development and Director</i>	VP since April 1, 2016 Director since June 14, 2016	Entrepreneur, partner MSI Marketing Services International.	Nil
<b>Shabira Rajan<sup>(5)</sup></b> British Columbia, Canada  <i>Chief Financial</i>	Since September 1, 2016	Entrepreneur and owner of SHROF Financial Management and Accounting	500,000 (1.23%)

<b>Name and Province of Residence and Position with PMI</b>	<b>Director/ Officer Since</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Number and % of Common Shares Beneficially Owned Directly or Indirectly (at the date of this Information Circular)<sup>(1)</sup></b>
<i>Officer and Controller</i>			
<b>Alicia Rebman<sup>(6)</sup></b> British Columbia, Canada  <i>VP Marketing and Advertising</i>	Since April 7, 2016	Marketing professional. Previously employed by Hartley Marks Group as Marketing Director.	110,000 (0.27%)
<b>Nicole Goncalves-Krysinski</b> New Jersey, USA <i>Chief Legal Officer</i>	Since May 24, 2016	Lawyer and partner at the firm of Schwartz & Krysinski, L.L.P.	500,000 (1.23%)
<b>Makarand Jawadekar<sup>(7)</sup></b> Connecticut, USA  <i>Chief Science Officer</i>	Since August 8, 2016	Entrepreneur and owner of Melinda Consulting LLC, a Pharmaceutical Consulting company.	500,500 (1.23%)
<b>Greg Reid<sup>(8)</sup></b> California, USA  <i>Director</i>	Since August 8, 2016	Entrepreneur, public speaker and CEO of The Millionaire Mentor, Inc.	500,000 (1.23%)

Notes:

(1) Percentage of PMI Shares outstanding is based upon 40,629,408 PMI Shares issued and outstanding as of the date of this Information Circular on an undiluted basis.

(2) Stephen Van Deventer holds 7,800,000 PMI Shares directly, and 4,836,050 PMI Shares indirectly through Cornerstone Global Partners Inc. of which Mr. Van Deventer is a 50% shareholder. Additionally, Mr. Van Deventer also holds 250,000 PMI Stock Options exercisable to 250,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

(3) Kimberly Van Deventer holds 7,000,000 PMI Shares directly, and 4,836,050 Shares indirectly through Cornerstone Global Partners Inc. of which Ms. Van Deventer is a 50% shareholder. Additionally, Ms. Van Deventer also holds 250,000 PMI Stock Options exercisable to 250,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

(4) Brian Harris does not currently own directly or indirectly any PMI Shares. However, Mr. Harris holds 1,000,000 PMI Stock Options exercisable to 1,000,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

(5) Shabira Rajan holds 250,000 PMI Stock Options exercisable to 250,000 PMI Shares at \$0.25 per PMI Share expiring on September 1, 2020.

(6) Alicia Rebman also holds 750,000 PMI Stock Options exercisable to 750,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

(7) Makarand Jawadekar also holds 500,000 PMI Stock Options exercisable to 500,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

(8) Greg Reid also holds 300,000 PMI Stock Options exercisable to 300,000 PMI Shares at \$0.25 per PMI Share expiring on August 11, 2020.

As at the date of this Information Circular, the directors and executive officers of PMI as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 27,182,600 PMI Shares, which is equal to approximately 66.90% of the PMI Shares issued and outstanding as at the date of this Information Circular.

The term of office of the directors expires annually at the time of PMI's annual general meeting. The term of office of the officers expires at the discretion of PMI's directors.

For a brief description of the background of the key management, directors and promoters of PMI, see "Information Concerning the Resulting Issuer – Directors and Officers".

**Corporate Cease Trade Orders or Bankruptcies**

To PMI's knowledge:

- (a) no existing or proposed director, executive officer or promoter of PMI is, or within the ten years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in the capacity of director or executive officer of that company, was the subject of a cease trade order or similar order or an order that denied the company access to any

statutory exemptions for a period of more than 30 consecutive days;

- (b) no existing or proposed director, executive officer or promoter of PMI is, or within the ten years prior to the date hereof ceased to be a director or executive officer of any other company that, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the director, executive officer or promoter ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer; and
- (c) no existing or proposed director, executive officer or promoter of PMI is, or within the ten years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in the capacity of director, executive officer or promoter of that company, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Penalties or Sanctions***

To PMI's knowledge, no existing or proposed director, executive officer, promoter or other member of management of PMI has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### ***Personal Bankruptcies***

To PMI's knowledge no existing or proposed director, officer, promoter or other member of management of PMI has, during the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets, except for Kimberly Van Deventer who previously had undergone personal bankruptcy and was subsequently discharged. At the time of her bankruptcy, Ms. Van Deventer was undergoing a marital divorce from her partner, where both were co-founders and equity partners in a company directly owning a Vancouver-based restaurant that became financially distressed as a result of the economic downturn and recession, ceasing operations May 30, 2012. Ms. Van Deventer was discharged from her personal bankruptcy on April 27, 2013.

See "Information Concerning the Resulting Issuer – Directors and Officers" for information regarding personal bankruptcies of PMI directors, officers or promoters.

### ***Conflicts of Interest***

The directors of PMI are required by law to act honestly and in good faith with a view to the best interests of PMI and to disclose any interests, which they may have in any project or opportunity of PMI. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of PMI's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among PMI, its promoters, directors and officers or other members of management of PMI or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to PMI and their duties as a director or officer of such other companies.

### **Corporate Governance**

The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that PMI's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the

"National Guidelines").

### ***Board of Directors***

The Board is currently comprised of four directors.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is 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 a view to the best interests of PMI, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Greg Reid is considered by the Board to be "unrelated" within the meaning of the National Guidelines. The remaining directors of PMI, Stephen Van Deventer, Kimberly Van Deventer and Brian Harris are related within the meaning of the National Guidelines because they are also officers of PMI.

Though PMI is currently not a listed company, it acknowledges that its Board is not constituted in accordance with the recommendation of the National Guidelines that the majority of the members of the Board of Directors be independent, however, PMI has established an advisory board consisting of individuals who are not directors or officers of PMI and who are available for the board for consultation with regards to strategic business development of PMI.

The members of the advisory board are as follows:

#### Isaac Moss, B.Sc, M.Pub. Admin.

Mr. Moss has 30 years of experience in international corporate finance, public markets and business. He was associated with an advisory group in Geneva Switzerland, providing strategic and corporate finance advisory services to a number of client companies around the globe in diverse industries ranging from mining and energy, forest products, technology, telecommunications and bio technology, and the hospitality industry.

#### Ruth Henderson

Ms. Henderson has launched new products successfully into new and existing markets, increased profit and market share using both large and small budgets – both nationally and internationally – and managed both in house and agency workers. Her expertise includes strategic planning, sales, business development and product development. A skilled communicator and negotiator with interpersonal skills that include strong partner and customer relationships.

#### Ian Spencer

Mr. Spencer has been a serial entrepreneur from his mid 20's having worked in the finance industry working as a commodity broker in central London. He studied Business and Finance Law at Brunel University, London, but chose commercial trading as his passion was for dealing art and antiques.

#### Wanda Halpert

The founder and Director of Concord Business Development, Ms. Halpert is a veteran in the strategic planning industry. She has delivered presentations on the essentials of business planning to public company forums and federally funded management programs and directed the productions of over 500 advanced business plans in dozens of industry sectors for both private and public companies.

#### Kerry Oldridge

Ms. Oldridge is a Los Angeles based creative director specializing in brand identity. She uses her expertise in design and print in consulting with small and large businesses around their creative services, branding, packaging development and logo identity.

### ***Directorships***

There are no current directors of PMI who are presently directors of other reporting issuers in any jurisdiction of Canada.

### ***Orientation and Continuing Education***

The Board has not adopted formal steps to orient new board members. The Board's continuing education is typically derived from correspondence with the legal counsel of PMI to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the Board will adopt formal steps in the 12 months following completion of the Proposed Transaction.

### ***Ethical Business Conduct***

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having an advisory board that is independent of management. It is not anticipated that the Board will adopt formal guidelines in the 12 months following completion of the Proposed Transaction.

### ***Nomination of Directors***

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole.

### ***Assessments***

The Board of PMI does not have any formal assessment process to assess the effectiveness of directors; however, the Board monitors the effectiveness of its members from time to time with a view of making recommendations to improve performance.

### ***Compensation***

The Board of Directors has not established a formal compensation committee. Rather, the Board is responsible for determining compensation for the directors and officers of PMI to ensure it reflects the responsibilities and risks of being a private company.

The performance of the President and Chief Executive Officer, Chief Financial Officer and other senior management of PMI is evaluated by the Board members and measured against PMI's business goals and industry compensation levels.

### ***Other Board Committees***

The Board has no committee other than the Audit Committee. See "Audit Committee" below.

### ***Conflicts of Interest***

The directors of PMI are required by law to act honestly and in good faith with a view to the best interests of PMI and to disclose any interests, which they may have in any project or opportunity of PMI. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of PMI's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among PMI, its promoters, directors and officers or other members of management of PMI or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is

possible that a conflict may arise between their duties to PMI and their duties as a director or officer of such other companies.

### **Audit Committee**

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

### ***Audit Committee Charter***

The full text of PMI's Audit Committee Charter is attached to this Information Circular as Schedule "E".

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

Venture issuers are required to maintain an audit committee of at least 3 members, the majority of whom are not executive officers, employees or control persons of such venture issuer or an affiliate of the venture issuer.

PMI's Audit Committee currently consists of three members, namely, Greg Reid, Stephen Van Deventer and Kimberly Van Deventer. All of the members of the Audit Committee are financially literate but only Mr. Reid is not an executive officer, employee or control person of PMI.

A person is considered to be a control person of an issuer if they hold a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer. If a person, or combination of persons, holds more than 20% of such voting rights, they are deemed, in the absence of evidence to the contrary, to be a control person.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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 PMI's financial statements.

PMI acknowledges that its Audit Committee is not currently constituted in accordance with the requirement of NI 52-110 that the audit committee of venture issuers must be comprised of a majority of members who are not executive officers, employees or control persons, however, PMI is a private corporation and as such, is not subject to the requirements of NI 52-110. PMI and Carrara anticipate that the audit committee of the Resulting Issuer will meet the composition requirements of NI 52-110 for venture issuers.

### ***Relevant Education and Experience***

Each Audit Committee member has had extensive experience reviewing financial statements. Each member has an understanding of PMI's business and has an appreciation for the relevant accounting principles for that business. The relevant experience of PMI's audit committee members is set out below:

#### **Stephen Van Deventer - Director (Chairman) and Chief Executive Officer**

Mr. Van Deventer is an experienced businessman, corporate director and co-owner of Cornerstone Global Partners Inc. Specializing in international corporate relations and business development over the last twenty-five years, Mr. Van Deventer has focused on launching small to medium sized companies into the public markets in Canada, the United States and Europe. He has also owned and operated private companies.

#### **Kimberly Van Deventer - Director and President**

Ms. Van Deventer is an entrepreneur with a successful track record of accomplishment and is co-owner of Cornerstone Global Partners Inc. Motivated and determined, she was ranked the third highest grossing female business owner in British Columbia, Canada in 2009.

#### **Greg Reid - Director**

Mr. Reid has owned and operated The Millionaire Mentor, Inc. since 2001. This has been a successful business and

has been the platform for Mr. Reid's efforts as a Filmmaker and Keynote Speaker. Mr. Reid is a #1 best-selling author, entrepreneur, and the CEO of several successful corporations.

### ***Audit Committee Oversight***

At no time since the beginning of the fiscal year completed December 31, 2016 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### ***Reliance on Certain Exemptions***

PMI is not a reporting issuer and at no time since the commencement of PMI's most recently completed financial year has PMI relied on the exemptions in Sections 2.4, 3.2, 3.4, 3.5, 3.6 or Part 8 of NI 52-110, or an exemption from subsections 3.3(2) 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 the prior approval of the audit committee.

### ***External Auditor Services Fees***

The aggregate fees billed by the external auditors of PMI for the financial year ended December 31, 2016 and for the period ended December 31, 2015 are as follows:

<b>Year/Period Ended</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2015	\$7,250	--	\$1,500	--
December 31, 2016	\$46,300	\$2,237	\$4,700	\$8,940

### **Legal Proceedings**

Neither PMI nor any of its property was previously a party to, or the subject of, any legal proceeding nor is PMI currently party to any material legal proceeding or contemplating any legal proceedings which are material to its business. From time to time, however, PMI may be subject to various claims and legal actions arising in the ordinary course of business. Management of PMI is not currently aware of any legal proceedings contemplated against PMI.

### **Auditor**

The auditors of PMI are Buckley Dodds Parker LLP, Chartered Professional Accountants, located at Suite 1140, 1185 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4E6.

### **Registrar and Transfer Agent**

PMI has no registrar and transfer agent and administers the registration and transfer of its securities on its own.

### **Material Contracts**

PMI has not entered into any material contracts, except in the ordinary course of business, which are currently in force or effect, other than:

1. License agreement dated October 5, 2015 (amended on February 6, 2016) between PMI and Cornerstone Global Partners Inc. pertaining to the right and license to use Cornerstone Global Partners Inc.'s property including, but not limited to, trademarks, intellectual property, URL's and the use of the property on packing, promotional and advertising material associated with the business. PMI exercised its option to purchase such property from Cornerstone Global Partners Inc. on January 25, 2016. The agreement is currently in effect with respect to the payment of the remaining license fee outstanding prior to the exercise of the option;
2. Nutraceutical product license and distribution agreement dated February 8, 2016, between PMI and Medolife

International, Inc., pertaining to the grant of an exclusive global license for PMI to sell, distribute and market Medolife's patented scorpion venom product under the name CELLB9™, or such other name selected by PMI;

3. Stock Option Plan approved by the Board of Directors on July 20, 2016;
4. Stock Option Agreements dated August 11 to September 1, 2016, as amended effective March 27, 2017, between PMI and certain directors, employees, and officers of PMI;
5. Demand loan agreement dated February 1, 2016 between PMI and Cornerstone Global Partners Inc., as amended effective February 1, 2017;
6. \$2,000,000 convertible loan facility between PMI, Stephen Van Deventer and Kimberly Van Deventer dated December 9, 2016 as amended effective March 31, 2017;
7. Amalgamation Agreement among Carrara, Subco and PMI dated March 21, 2017, as described herein;
8. Research and option agreement dated effective April 18, 2017 between PMI and UniQuest, as described herein; and
9. Research and option agreement dated effective April 22, 2017 between PMI and UniQuest, as described herein.

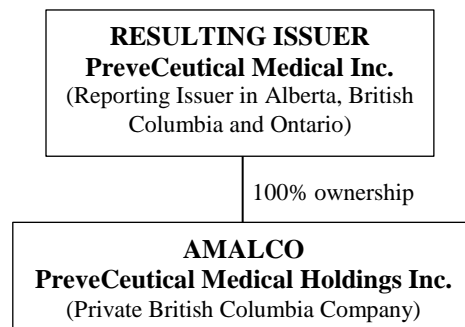
Copies of the foregoing agreements will be available for inspection at the registered offices of PMI, Suite 605, 815 Hornby Street, Vancouver, British Columbia, V6Z 2E6, during ordinary business hours, until completion of the Proposed Transaction and for a period of 30 days thereafter.

### **INFORMATION CONCERNING THE RESULTING ISSUER**

#### **Corporate Structure**

The Resulting Issuer will be named "PreveCeutical Medical Inc." (or such other name as may be determined in the discretion of Carrara and PMI and acceptable to the Exchange) and will have a registered office located at Suite 605, 815 Hornby Street, Vancouver, British Columbia, V6Z 2E6 and a head office located at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3.

Upon the completion of the Proposed Transaction, the Resulting Issuer will have one wholly-owned subsidiary, PreveCeutical Medical Holdings Inc. (formerly Subco). The following diagram sets forth the corporate structure of the Resulting Issuer:



#### **Narrative Description of the Business**

The Resulting Issuer will continue the business of PMI. For more information, see "Information Concerning PMI – Narrative Description of the Business".



## Selected Pro Forma Consolidated Financial Information

The unaudited *pro forma* consolidated financial statements of the Resulting Issuer and accompanying notes are included in Schedule "C" to this Information Circular. The following selected *pro forma* financial information is based on the assumptions described in the respective notes to the unaudited *pro forma* consolidated financial statements.

<b>Pro Forma Statement of Financial Position</b>	<b>As at December 31, 2016</b>
Cash and Equivalents	\$1,451,711
Current Assets	\$118,110
Long Term Assets	\$2,670
<b>Total Assets</b>	<b>\$1,572,491</b>
Accounts payable and accrued liabilities	\$553,886
Shareholders' Equity	\$1,018,605
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,572,491</b>

## Description of Securities

### *Resulting Issuer Shares*

The material attributes and features of each Resulting Issuer Share will be the same as the material attributes and features associated with the Carrara Shares. See "Information Concerning Carrara – Description of Securities" for further information.

The authorized share capital of the Resulting Issuer upon completion of the Proposed Transaction will be an unlimited number of common shares without par value (the "**Resulting Issuer Shares**"), of which: (i) assuming the minimum offering amount is raised under the Carrara Financing, there will be approximately 46,625,075 outstanding as fully paid and non-assessable; or (ii) assuming the maximum offering amount is raised under the Carrara Financing, there will be approximately 54,625,075 outstanding as fully paid and non-assessable.

### *Resulting Issuer Agent's Options*

Upon completion of the Proposed Transaction, there will be approximately 124,567 outstanding Agent's Options exercisable for Resulting Issuer Shares. The material attributes and features of each Agent's Option shall be the same as the material attributes and features associated with the Agent's Options. See "Information Concerning Carrara – Description of Securities".

### *Resulting Issuer Warrants*

Upon completion of the Proposed Transaction: (i) assuming the minimum offering amount is raised under the Carrara Financing, there will be 2,000,000 outstanding warrants, each exercisable for one Resulting Issuer Share; or (ii) assuming the maximum offering amount is raised under the Carrara Financing, there will be 10,000,000 outstanding warrants, each exercisable for one Resulting Issuer Share. See "Summary of Proposed Transaction – Carrara Financing" for a description of the material attributes and features of the warrants.

### *Resulting Issuer Stock Options*

The material attributes and features of each Resulting Issuer stock option will be the same as the material attributes and features associated with the Carrara and PMI Stock Options. See "Information Concerning Carrara – Description of Securities" and "Information Concerning PMI – Description of Securities".

Upon completion of the Proposed Transaction, there will be approximately 4,216,667 outstanding stock options, each exercisable for one Resulting Issuer Share.

## Pro Forma Consolidated Capitalization

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Proposed Transaction, and should be read with the unaudited *pro forma* consolidated financial statements of the Resulting Issuer included as

Schedule "C" hereto:

<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding after Proposed Transaction (assuming minimum raise of \$1 million under Carrara Financing)</b>	<b>Amount Outstanding after Proposed Transaction (assuming maximum raise of \$5 million under Carrara Financing)</b>
Resulting Issuer Shares <sup>(1)</sup>	Unlimited	46,625,075	54,625,075
Resulting Issuer Warrants	N/A	2,000,000	10,000,000
Resulting Issuer Agent's Options	N/A	124,567	124,567
Resulting Issuer Stock Options	10% of issued and outstanding common shares	4,216,667	4,216,667

Note:

(1) In addition to the 1,020,000 Resulting Issuer Shares held by prior related persons of Carrara subject to escrow pursuant to an escrow agreement dated September 30, 2016 between Carrara, TSX Trust Company, and certain Principals of Carrara, an additional 26,582,600 Resulting Issuer Shares will be subject to escrow. See "Information Concerning Carrara – Resulting Issuer" and "Summary of Proposed Transaction – Conditions Precedent to the Proposed Transaction".

### ***Fully Diluted Share Capital***

The following table outlines the expected number and percentage of Resulting Issuer Shares to be outstanding on a fully diluted basis after giving effect to the Proposed Transaction including the Carrara Financing assuming minimum and maximum amounts raised under the financing:

	<b>Number of Resulting Issuer Shares</b>	<b>Percentage of Fully Diluted<sup>(1)</sup></b>
Carrara Shares outstanding, post-Consolidation	3,995,667	Assuming minimum \$1 million raised: 7.54%  Assuming maximum \$5 million raised: 6.78%
Carrara Shares (Resulting Issuer Shares) to be issued to the PMI Shareholders	40,629,408	Assuming minimum \$1 million raised: 76.71%  Assuming maximum \$5 million raised: 68.90%
Carrara Shares (Resulting Issuer Shares) issuable pursuant to the Carrara Financing	Assuming minimum \$1 million raised: 2,000,000  Assuming maximum \$5 million raised: 10,000,000	Assuming minimum \$1 million raised: 3.78%  Assuming maximum \$5 million raised: 16.96%
Carrara Shares issuable upon conversion of the Carrara warrants issued under the Carrara Financing	Assuming minimum \$1 million raised: 2,000,000  Assuming maximum \$5 million raised: 10,000,000	Assuming minimum \$1 million raised: 3.78%  Assuming maximum \$5 million raised: 16.96%
Carrara Shares (Resulting Issuer Shares) issuable upon exercise of the Agent's Options and Carrara Stock Options, post-Consolidation	391,234	Assuming minimum \$1 million raised: 0.74%  Assuming maximum \$5 million

	<b>Number of Resulting Issuer Shares</b>	<b>Percentage of Fully Diluted<sup>(1)</sup></b>
		raised: 0.67%
PMI Shares (Resulting Issuer Shares) issuable upon exercise of PMI Stock Options	3,950,000	Assuming minimum \$1 million raised: 7.46%  Assuming maximum \$5 million raised: 6.70%
<b>Total</b>	Assuming minimum \$1 million raised: 52,966,309  Assuming maximum \$5 million raised: 68,966,309	

Note:

(1) Rounded up to two decimal places.

### Dividend Policy

Other than customary general solvency requirements, such as those contained in the BCBCA, there will be no restriction on the Resulting Issuer's ability to declare and pay dividends. However, neither Carrara nor PMI has declared dividends to date and it is expected that the Resulting Issuer will not declare dividends in the near future.

### Escrowed Securities

Following the completion of the Proposed Transaction, there will be 1,020,000 Resulting Issuer Shares held by prior "related persons" (as such term is defined in Exchange Policy 1 – *Interpretation and General Provisions*) of Carrara subject to escrow pursuant to an escrow agreement dated September 30, 2016, among Carrara, TSX Trust Company and certain Principals of Carrara. See "Information Concerning Carrara – Escrowed Securities".

Following the completion of the Proposed Transaction, Resulting Issuer Shares held by new "related persons" of the Resulting Issuer, will be subject to escrow requirements imposed by the Exchange as follows:

<b>Name</b>	<b>No. of Escrowed Resulting Issuer Shares</b>	<b>Percentage of Issued and Outstanding Resulting Issuer Shares (assuming minimum \$1 million raise under Carrara Financing)<sup>(1)</sup></b>	<b>Percentage of Issued and Outstanding Resulting Issuer Shares (assuming maximum \$5 million raise under Carrara Financing)<sup>(1)</sup></b>
Stephen Van Deventer	7,800,000	16.73%	14.28%
Kimberly Van Deventer	7,000,000	15.01%	12.81%
Cornerstone Global Partners Inc.	9,672,100	20.74%	17.71%
Alicia Rebman	110,000	0.24%	0.2%
Nicole Goncalves-Krysinski	500,000	1.07%	0.92%
Makarand Jawadekar	500,500	1.07%	0.92%
Greg Reid	500,000	1.07%	0.92%
Shabira Rajan	500,000	1.07%	0.92%

Note:

(1) Rounded up to two decimal places with 46,625,075 and 54,625,075 Resulting Issuer Shares issued and outstanding assuming the minimum and maximum amounts raised, respectively, under the Carrara Financing.

The securities of the resulting issuer that are held by new related persons and subject to escrow will be held pursuant to the terms of an escrow agreement to be entered into among the above PMI Shareholders and the Escrow Agent and shall be released in accordance with the release schedule set forth therein. The escrow agreement will be in the form prescribed by Exchange Policy 2 – *Qualifications for Listing*.

Pursuant to the escrow agreement, 10% of the escrowed Resulting Issuer Shares will be released by the Escrow Agent on the date that the Resulting Issuer Shares commence trading on the Exchange followed by six subsequent releases of 15% every six months thereafter, subject to the rules of the Exchange.

Additionally, stock options held by related persons will be held in escrow under the same terms as the Resulting Issuer Shares subject to escrow – these options are as follows:

<b>Name of Related Person</b>	<b>No. of Escrowed Options</b>
Stephen Van Deventer	250,000
Kimberly Van Deventer	250,000
Shabira Rajan	250,000
Alicia Rebman	750,000
Brian Harris	1,000,000
Makarand Jawadekar	500,000
Greg Reid	300,000
Matthew Coltura	66,667

Additionally, following the completion of the Proposed Transaction, the Resulting Issuer Shares held by the following persons who were former "related persons" of PMI will be subject to escrow requirements similar to those imposed by the Exchange and the aforementioned contemplated escrow agreement for the new related persons of the Resulting Issuer:

<b>Name of Person</b>	<b>Number of Escrowed Resulting Issuer Shares</b>
Jeremy Wright <sup>(1)</sup>	500,000
Seatrend Strategy Group <sup>(2)</sup>	253,000
Alex Bayer <sup>(3)</sup>	100,000
Hill Road Capital Inc. <sup>(4)</sup>	2,000,000

<sup>(1)</sup> Jeremy Wright served as CFO of PMI from February 17, 2016 to August 31, 2016, and resigned as a director of OMI on February 19, 2017.

<sup>(2)</sup> Jeremy Wright provided his services as CFO to PMI as a consultant under a consulting agreement between Seatrend Strategy Group and PMI, and holds PMI Shares indirectly through Seatrend Strategy Group of which Mr. Wright is the sole shareholder.

<sup>(3)</sup> Alex Bayer resigned as a director of PMI on February 10, 2017.

<sup>(4)</sup> Brian Harris provides his services as PMI's Vice President, Corporate Development under a consulting agreement between Hill Road Capital Inc. ("Hill Road") and PMI, and Hill Road currently holds 2,000,000 PMI Shares.

### Available Funds and Principal Purposes

As of the date of this Information Circular, the Resulting Issuer is expected to have approximately \$1,768,000 available to it on the closing of the Proposed Transaction. Assuming that the Carrara Financing is fully subscribed for to the maximum offering amount, the Resulting Issuer is expected to have approximately \$4,988,000 available to it on the closing of the Proposed Transaction. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives, which are summarized below:

<b>Use of Available Funds</b>	<b>Amount<sup>(1)</sup> (\$)</b>	<b>Amount<sup>(2)</sup> (\$)</b>
Costs related to the Proposed Transaction	\$80,000	\$80,000
General administrative expenses	\$361,450	\$734,450
Salaries, wages and benefits	\$537,840	\$683,640
Rent and utilities	\$161,750	\$161,750
Research and development – Caribbean Scorpion venom-derived natural and synthetic	\$372,771	\$372,771

<b>Use of Available Funds</b>	<b>Amount<sup>(1)</sup> (\$)</b>	<b>Amount<sup>(2)</sup> (\$)</b>
peptides, extraction, formulation and ex vivo evaluation of cannabinoids for direct nose-to-brain delivery via Sol-Gels		
Research and development – other projects including dual-gene therapy approach for obesity and diabetes using smart-siRNA and tissue targeted bio-responsive carrier systems	Nil	\$965,810

Notes

(1) Assuming the current amount subscribed for under the Carrara Financing (\$1.5 million) plus cash on hand.

(2) Assuming the maximum offering amount (\$5 million) of the Carrara Financing received plus cash on hand.

In the event that the minimum proceeds are raised from the Carrara Financing, PMI will utilize the credit facility that it has with Stephen Van Deventer and Kimberley Van Deventer. The amount of the credit facility will be increased as required with the Board's approval. In the event that the maximum proceeds are raised from the Carrara Financing, PMI will have sufficient funds for other R&D projects and will invest in commercialization and licensing of products.

Any unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the Resulting Issuer. As of the date of this Information Circular, no specific arrangements have been made regarding the foregoing and any unallocated funds will be added to the working capital.

See "Information Concerning PMI – Narrative Description of the Business" for further information regarding the estimated timing and proposed components of the Resulting Issuer's research and development activities and its business objectives and milestones.

### **Principal Holders of Resulting Issuer Securities**

To the knowledge of the directors and officers of Carrara and PMI, there will be no persons or companies who will beneficially own, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of the voting rights attached to the Resulting Issuer Shares, other than as set out below:

<b>Name of Shareholder</b>	<b>Number of Resulting Issuer Shares Beneficially Owned or Controlled</b>	<b>Percentage of Outstanding Resulting Issuer Shares (assuming minimum \$1 million raised under Carrara Financing)<sup>(1)</sup></b>	<b>Outstanding Resulting Issuer Shares (assuming maximum \$5 million raised under Carrara Financing)<sup>(1)</sup></b>
Kimberly Van Deventer	7,000,000	16.73% (13.22) <sup>(3)</sup>	14.28% (10.15) <sup>(4)</sup>
Stephen Van Deventer	7,800,000	15.01% (14.73) <sup>(3)</sup>	12.81% (11.31) <sup>(4)</sup>
Cornerstone Global Partners Inc. <sup>(2)</sup>	9,672,100	20.74% (18.26) <sup>(3)</sup>	17.71% (14.02) <sup>(4)</sup>

Notes:

(1) Rounded to two decimal places with 46,625,075 and 54,625,075 Resulting Issuer Shares issued and outstanding assuming the minimum and maximum amounts raised, respectively, under the Carrara Financing.

(2) Kimberly Van Deventer is a director, Stephen Van Deventer a director and chief executive officer, and both holders of more than 10% of voting securities of Cornerstone Global Partners Inc.

(3) Rounded to two decimal places on a fully diluted basis, assuming 6,341,234 convertible securities of the Resulting Issuer outstanding.

(4) Rounded to two decimal places on a fully diluted basis, assuming 14,341,234 convertible securities of the Resulting Issuer outstanding.

### **Shares Subject to Resale Restrictions**

Carrara Shares issued pursuant to the Carrara Financing will be subject to a statutory four month and a day hold after the date of their distribution on the closing of the Proposed Transaction.

## Market for Securities

In connection with the Proposed Transaction, Carrara and PMI will make application to the Exchange to have the Resulting Issuer Shares listed on the Exchange. See "Summary of Proposed Transaction" above.

## Executive Compensation

The overall objective of the Resulting Issuer's compensation strategy will be to offer medium-term and long-term compensation components to ensure that the Resulting Issuer has in place programs to attract, retain and develop management of the highest calibre and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the CEO, if any, in this regard. The Resulting Issuer intends to develop short and long-term compensation components.

The following table discloses the anticipated compensation for the Resulting Issuer's proposed officers and directors for the 12-month period after the closing of the Proposed Transaction:

<b>Table of Compensation Excluding Compensation Securities</b>						
<b>Name and Position</b>	<b>Salary, consulting fee (\$)</b>	<b>Option based awards (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Stephen Van Deventer, CEO and Chairman	\$15,000 per month	N/A	N/A	N/A	N/A	\$15,000 per month
Kimberley Van Deventer, President and Director	\$12,000 per month	N/A	N/A	N/A	N/A	\$12,000 per month
Shabira Rajan, CFO, Controller and Corporate Secretary	\$10,000 per month	N/A	N/A	N/A	N/A	\$10,000 per month
Brian Harris, VP Corporate Development	\$10,000 per month	N/A	N/A	N/A	N/A	\$10,000 per month
Makarand Jawadekar, Chief Science Officer	\$10,000 (USD) per month <sup>(1)</sup>	N/A	N/A	N/A	N/A	\$10,000 (USD) per month <sup>(1)</sup>

Note:

(1) The current rate method will be used to translate payments made in currencies other than Canadian dollars by which income and expenses are translated at the exchange rates at the dates of the transactions and assets and liabilities for balance sheet are translated at the closing rate at the date of the balance sheet. All resulting exchange differences are recognized in other comprehensive income.

## Stock Option Plans and Other Incentive Plans

The Resulting Issuer will continue to maintain the stock option plan of Carrara. See "Information Concerning Carrara - Stock Option Plans and Other Incentive Plans" for the material terms of the plan.

## Employment, Consulting and Management Agreements; External Management Companies

It is anticipated that the Resulting Issuer will enter into employment and consulting agreements on substantially the

same terms as those currently in place between PMI and its employees and consultants. See "Information Concerning PMI – Employment, Consulting and Management Agreement; External Management Companies" for further information.

### Directors and Officers

Upon completion of the Proposed Transaction, the Resulting Issuer's board of directors and officers will consist of the individuals set out in the table below:

<b>Name, province or state and country of residence and proposed position with the Resulting Issuer</b>	<b>Age</b>	<b>Principal occupation during past five years</b>	<b>Director or Officer of Resulting Issuer Since</b>	<b>Number of Resulting Issuer Shares</b>
<b>Stephen Van Deventer<sup>(1)</sup></b> British Columbia Canada  <i>Chairman and Chief Executive Officer</i>	47	Entrepreneur; owner of Cornerstone Global Partners Inc.	N/A	7,800,000
<b>Kimberly Van Deventer</b> British Columbia, Canada  <i>Director and President</i>	51	Entrepreneur; owner of Cornerstone Global Partners Inc.	N/A	7,000,000
<b>Brian Harris</b> British Columbia, Canada  <i>Director and VP Corporate Development</i>	72	Entrepreneur; partner at MSI Marketing Services International	N/A	N/A
<b>Greg Reid<sup>(1)</sup></b> California United States  <i>Director</i>	53	Entrepreneur; public speaker; chief executive officer of The Millionaire Mentor, Inc.	N/A	500,000
<b>Matthew Coltura<sup>(1)</sup></b> British Columbia, Canada  <i>Director</i>	24	Student enrolled in Business Administration Program; director of Stone Ridge Exploration Corp.; sales representative (part-time) at Envision Financial.	July 7, 2016	N/A
<b>Makarand Jawadekar</b> Connecticut, United States  <i>Chief Science Officer</i>	65	Entrepreneur and owner of Melinda Consulting LLC, a Pharmaceutical Consulting company.	N/A	500,500
<b>Shabira Rajan</b> British Columbia, Canada  <i>Chief Financial Officer and Controller</i>	60	Entrepreneur and owner of SHROF Financial Management and Accounting	N/A	500,000

Name, province or state and country of residence and proposed position with the Resulting Issuer	Age	Principal occupation during past five years	Director or Officer of Resulting Issuer Since	Number of Resulting Issuer Shares
<b>Nicole Goncalves-Krysinski</b> New Jersey, United States  <i>Chief Legal Officer and Controller</i>	37	Lawyer and partner at the firm of Schwartz & Krysinski, L.L.P.	N/A	500,000
<b>Alicia Rebman</b> British Columbia, Canada  <i>Vice President of Marketing and Advertising</i>	39	Marketing professional. Previously employed by Hartley Marks Group as Marketing Director.	N/A	110,000

**Note:**

(1) Denotes a member of the Resulting Issuer's proposed audit committee.

The Resulting Issuer's proposed Audit Committee will consist of Stephen Van Deventer, Greg Reid, and Matthew Coltura.

Profiles for each of the proposed directors and officers of the Resulting Issuer and the percentage of time each intends to devote to the business and affairs of the Resulting Issuer are set forth below:

***Stephen Van Deventer, Director (Chairman) and Chief Executive Officer***

Mr. Van Deventer is an experienced businessman, corporate director and co-owner of Cornerstone Global Partners Inc. Specializing in international corporate relations and business development over the last twenty-five years, Mr. Van Deventer has focused on launching small to medium sized companies into the public markets in Canada, the United States and Europe. He has also owned and operated private companies. Mr. Van Deventer will devote 100% of his time to the affairs of the Resulting Issuer. He will be an employee of the Resulting Issuer and as its Chief Executive Officer, will be responsible for operationalizing the Board's strategic plan.

***Kimberly Van Deventer, Director and President***

Ms. Van Deventer is an entrepreneur with a successful track record of accomplishment and is co-owner of Cornerstone Global Partners Inc. Motivated and determined, she was ranked the third highest grossing female business owner in British Columbia, Canada in 2009. Ms. Van Deventer is unwavering in her commitment to bring awareness of health and disease prevention to people everywhere. She will devote 100% of her time to the affairs of the Resulting Issuer. Ms. Van Deventer will be an employee of the Resulting Issuer and, as its President will be responsible for implementing the Chief Executive Officer's operational strategies and managing the day-to-day operations of the Resulting Issuer.

***Brian Harris, Director and Vice President of Corporate Development***

Mr. Harris is the Managing Partner at Marketing Services International, a consulting company that provides professional services to early stage private and public companies with a focus on science based new functional food and natural health products. Mr. Harris is a Director and interim Chief Executive Officer of MedAgri Marijuana Labs Inc., a private company that has made an application for Medical Marijuana producer's license with Health Canada. Brian Harris served as a Director and Chief Executive Officer of Russell Breweries Inc. ("Russell"), a TSX-V listed company. During his ten-year tenure, Russell was one of the fastest growing companies in Canada. Prior to that he was a Director and SVP for EFTech Ltd., a public company listed on the ASX and a leading supplier of Electronic Funds Transfer services at the Point of Sale in Australia. Mr. Harris was also a founder of BASS (Best Available Seating Service) International, the computer ticketing system, which operated in 12 markets and 4 continents now



known as TicketMaster. In the mid 1980s Mr. Harris was the founder and President of Smoke Free Pty Ltd in South Africa. SmokeFree helped people stop smoking without gaining weight using a proprietary nutritional supplement three times a day and participating in a support group. During that period, SmokeFree became the leading company in the smoking cessation market in that country.

Mr. Harris will devote approximately 90% of his time to the affairs of the Resulting Issuer. He will act as an independent contractor and as the Resulting Issuer's Vice President of Corporate Development, will be responsible for recommending strategic planning, financing, marketing and operational strategies, including acquisition opportunities, to the Board and Management.

***Greg S. Reid, Director***

Filmmaker and Keynote Speaker, Greg S. Reid is a #1 best-selling author, entrepreneur, and the Chief Executive Officer of several successful corporations, who has dedicated his life to helping others achieve the ultimate fulfillment of finding and living a life of purpose. In addition to being published in over 35 books and featured on nationally syndicated programs across the United States., he is also the creator and producer on the international acclaimed films Pass It On, and Three Feet From Gold.

Mr. Reid will devote approximately 5% of his time to the affairs of the Resulting Issuer and as a director, he will be responsible for overseeing management of the Resulting Issuer. Mr. Reid will act as an independent contractor.

***Makarand Jawadekar, Chief Science Officer***

Since 2010, Dr. Makarand Jawadekar has been the owner of Melinda Consulting LLC, a pharmaceutical consulting company. Prior to Melinda Consulting, Mr. Jawadekar worked at Pfizer Inc. in Groton-New London, Connecticut, for 28 consecutive years served as a Director of Portfolio Management. While at Pfizer, he was responsible for drug delivery technology assessments involving external drug delivery' technologies. He has extensive experience in creating and cultivating external partnerships and alliances for drug delivery technologies. He began his professional career at Pfizer Central Research in early 1982, after having completed his Ph.D. in Pharmaceutics at the University of Minnesota.

Mr. Jawadekar will devote 100% of his time to the affairs of the Resulting Issuer and will work as an independent contractor responsible for leading the Resulting Issuer's pre-clinical evaluation of Caribbean Blue Scorpion venom.

***Shabira Rajan, Chief Financial Officer and Controller***

Ms. Rajan is the owner of SHROF Financial Management and Accounting, providing financial management services to clients. Prior to that Ms. Rajan was the Director of Finance for Canada Line Rapid Transit Inc., a \$2 billion P3 infrastructure project where she was responsible for all financial aspects of the project including strategies for cash management, regulatory and contractual compliance and reporting, budgeting, forecasting, analysis, procurement, implementation of policies and procedures, and IT.

Ms. Rajan is a Chartered Professional Accountant, holds an MBA from Laurentian University and an Advanced Specialty Certificate in Forensic Science Technology, Forensic and Investigative Accounting Option from the British Columbia Institute of Technology. She was a Project Management Professional and an associate member of the Institute of Chartered Secretaries and Administrators. She recently completed the Executive Leadership - Developing Sustainable Non-profit Organizations in the 21st Century, program with the City University of Seattle. Ms. Rajan has served as a board member with WAVAW, was the Chair, Education and Recruiting with the Richmond/South Delta Chapter of CGA BC, and is currently a board member and treasurer of Hastings Sunrise Community Policing Centre.

Ms. Rajan will devote 100% of her time to the affairs of the Resulting Issuer. She will be an employee and as the Resulting Issuer's Chief Financial Officer and Controller, will be responsible for managing the day-to-day accounting and all financial reporting obligations for the Resulting Issuer.

***Nicole Goncalves-Krysinski, Chief Legal Officer***

Nicole Goncalves-Krysinski, Esq., is an attorney and a partner in her own law firm in New York City, New York. She has a J.D. from St. John's University and B.A. from U.C.L.A. Ms. Goncalves-Krysinski practices in both state and federal courts handling a wide range of cases including complex bankruptcy matters, matrimonial and criminal

defense litigation. Her areas of practice also include contract negotiations, business and transactional law and corporate advisement.

Ms. Goncalves-Krysinski will be an independent contractor to the Resulting Issuer and provide consulting services related to ongoing legal compliance of the Resulting Issuer and its products. She will devote approximately 20% of her time to the affairs of the Resulting Issuer.

***Alicia Rebman, Vice President, Marketing & Advertising***

Ms. Rebman is a Marketing professional with a background in Publishing Technologies, Communications and Graphic Design; specialty in branding and communications for social enterprise and NGO start-ups. Ms. Rebman ran a successful design services company for 6 years and then elevated to head the marketing department for the Global office of Hartley & Marks Group, an international design and publishing company.

Ms. Rebman will devote 100% of her time to the affairs of the Resulting Issuer and work as an employee. As the Vice President of Marketing and Advertising, she will be responsible for developing and implementing the Resulting Issuer's marketing initiatives and managing the Resulting Issuer's e-commerce business.

***Matthew Coltura, Director***

Mr. Coltura has completed a two-year diploma program at Okanagan College, Kelowna and holds a Business Administration Diploma with an accounting option from that institution. Additionally, Mr. Coltura is currently enrolled in the Bachelor of Business Administration program (a four-year degree program) offered by Okanagan College and anticipates graduating from such study program with a B.B.A. degree (specializing in Finance) in May, 2017.

Mr. Coltura will devote 10% of his time to the affairs of the Resulting Issuer and work as an independent contractor.

It is anticipated that all of the directors and officers of the Resulting Issuer will enter into confidentiality and non-disclosure agreements with the Resulting Issuer.

***Corporate Cease Trade Orders or Bankruptcies***

Other than as disclosed herein, no proposed director or officer of the Resulting Issuer is, as of the date of this Information Circular or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that:

- (a) was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed herein, no proposed director or officer of the Resulting Issuer:

- (a) is, as of the date of this Information Circular or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within ten years before the date of this Information Circular, 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 the assets of the proposed director.

### ***Penalties or Sanctions***

No proposed director or officer of the Resulting Issuer has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### ***Personal Bankruptcies***

Except as disclosed herein, to the Resulting Issuer's knowledge no existing or proposed director, officer, promoter or other member of management of the Resulting Issuer has, during the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Kimberly Van Deventer previously had undergone personal bankruptcy and was subsequently discharged. At the time of her bankruptcy, Ms. Van Deventer was undergoing a marital divorce from her partner, where both were co-founders and equity partners in a company directly owning a Vancouver-based restaurant that became financially distressed as a result of the economic downturn and recession during that time, ceasing operations May 30, 2012. Ms. Van Deventer was discharged from her personal bankruptcy on April 27, 2013.

### **Corporate Governance**

The Resulting Issuer will maintain the corporate governance practices of PMI. See "Information Concerning PMI – Corporate Governance" for a description of same.

### **Conflicts of Interest**

The directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the Resulting Issuer's knowledge and other than disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

The foregoing, not being within the knowledge of the Resulting Issuer, has been furnished by the respective proposed directors and officers themselves.

### **Audit Committee**

#### ***Audit Committee Charter***

The Resulting Issuer's Audit Committee will adopt the Audit Committee Charter of PMI, which is attached to this Information Circular as Schedule "E".

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

Venture issuers are required to maintain an audit committee of at least 3 members, the majority of whom are not

executive officers, employees or control persons of such venture issuer or an affiliate of the venture issuer.

It is expected the Audit Committee of the Resulting Issuer will consist of Stephen Van Deventer, Greg Reid and Matthew Coltura, all of whom are financially literate. Neither Greg Reid nor Matthew Coltura will be an executive officer, employee or control person of the Resulting Issuer.

A person is considered to be a control person of an issuer if they hold a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer. If a person, or combination of persons, holds more than 20% of such voting rights, they are deemed, in the absence of evidence to the contrary, to be a control person.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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 Resulting Issuer's financial statements.

### ***Relevant Education and Experience***

Each audit committee member has experience reviewing financial statements and will have an appreciation for the relevant accounting principles for the Resulting Issuer's business. The relevant experience of the Resulting Issuer's Audit Committee members is set out below:

#### **Stephen Van Deventer – Director & Chief Executive Officer**

Mr. Van Deventer is an experienced businessman, corporate director and co-owner of Cornerstone Global Partners Inc. Specializing in international corporate relations and business development over the last twenty-five years, Mr. Van Deventer has focused on launching small to medium sized companies into the public markets in Canada, the United States and Europe. He has also owned and operated private companies.

#### **Greg Reid – Director**

Mr. Reid has owned and operated The Millionaire Mentor, Inc. since 2001. This has been a successful business and has been the platform for Mr. Reid's efforts as a Filmmaker and Keynote Speaker. Mr. Reid is a #1 best-selling author, entrepreneur, and the CEO of several successful corporations.

#### **Matthew Coltura - Director**

Mr. Coltura has completed a two-year diploma program at Okanagan College, Kelowna and holds a Business Administration Diploma with an accounting option from that institution. Additionally, Mr. Coltura is currently enrolled in the Bachelor of Business Administration program (a four-year degree program) offered by Okanagan College and anticipates graduating from such study program with a B.B.A. degree (specializing in Finance) in May, 2017.

### ***Reliance on Certain Exemptions***

The Resulting Issuer will be a venture issuer and it is not anticipated that it will rely on any of the exemptions in Sections 2.4, 3.2, 3.4, 3.5, 3.6 or Part 8 of NI 52-110, or an exemption from subsections 3.3(2) of NI 52-110.

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

It is not expected that the Audit Committee of the Resulting Issuer will adopt specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the Audit Committee.

### ***Indebtedness of Directors and Officers***

Except as disclosed herein, no proposed director, officer or promoter of the Resulting Issuer is or has been indebted to Carrara or PMI in the most recently completed financial year, nor will they be indebted to the Resulting Issuer upon completion of the Proposed Transaction.

## **Investor Relations Arrangements**

Following the closing of the Proposed Transaction, the Resulting Issuer expects to conduct investor relations internally. No written or oral agreement or understanding has been reached or is contemplated with any person to provide any promotional or investor relations services to the Resulting Issuer.

## **Risk Factors**

Following the completion of the Proposed Transaction, the business of the Resulting Issuer will be focused on the development and sale of biotechnology and pharmaceuticals to consumers. Companies in this industry are subject to many and varied kinds of risks. The risks and uncertainties described in this section are considered by management to be the most important in the context of the business of Carrara, PMI and the Resulting Issuer, but are not inclusive of all risks and uncertainties they may be subject to, as other risks may apply. It is possible that other risks and uncertainties that affect the Resulting Issuer's business will arise or become applicable.

### ***No history of earnings.***

Neither Carrara nor PMI has a history of earnings and, due to the nature of the Resulting Issuer's business, there can be no assurance that the Resulting Issuer will be profitable. The continued operation of the Resulting Issuer will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Resulting Issuer is unable to generate such revenues or obtain such additional financing, any investment in the Resulting Issuer may be lost. In such event, the probability of resale of the securities purchased would be diminished. While the Resulting Issuer may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on terms acceptable to the Resulting Issuer, or at all. If available, future equity financing may result in substantial dilution to purchasers under the Carrara Financing. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

### ***Limited Operating History.***

Carrara and PMI have limited operating histories and as such, the Resulting Issuer's business will be subject to risks and uncertainties associated with new business enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenue and the risk that it will not achieve its growth objective. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investments. Neither Carrara nor PMI has generated significant revenue or profits from their respective operations and as a result, the Resulting Issuer faces a high risk of business failure. Carrara and PMI have a history of operating losses and the Resulting Issuer may never achieve profitability in the future.

The Resulting Issuer's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract experienced management and the know-how to develop and commercialize future products and to market current and future products. Successfully developing future and current product into marketable product offerings may take several years and significant financial resources and the Resulting Issuer cannot assure that it can achieve these objectives. Furthermore, there can be no assurance that even if the Resulting Issuer becomes profitable it will be able to consistently remain profitable.

### ***PMI currently has negative operating cash flow and if the Resulting Issuer sustains losses over an extended period of time, the Resulting Issuer may be unable to continue its business.***

Although the Resulting Issuer expects to become profitable, there is no guarantee that this will happen and it may never become profitable. PMI currently has a negative operating cash flow and may continue to have that for the foreseeable future. For most of its history, PMI has had no revenues and a large portion of PMI's expenses are variable as the company outsources its production, including expenses related to facilities, materials, equipment, contractual commitments and personnel. The actions of third-parties and market prices also affect the degree of variation in PMI's variable costs. The Resulting Issuer's ability to generate revenue and the potential to become profitable will depend largely on the Resulting Issuer's ability to have its products manufactured and to market the resulting products. There can be no assurance that any such events will occur or that the Resulting Issuer will ever become profitable. Even if the Resulting Issuer does achieve profitability, it cannot predict the level of such profitability. If the Resulting Issuer sustains losses over an extended period of time, it may be unable to continue its business.

***Additional capital and liquidity may be required or the Resulting Issuer may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows.***

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

***The Reporting Issuer may require additional financing in order to execute its business plan and may be required to cease operating or modify its business plans if further financing is not available.***

Carrara and PMI have yet to generate profits and as such, the Resulting Issuer will likely operate at a loss as it looks to market and further commercialize its product offerings. The Resulting Issuer may require additional financing in order to execute its business plan. The ability to secure required financing will depend in part upon investor perception of the Resulting Issuer's ability to create a successful business. Capital market conditions and other factors beyond the Resulting Issuer's control may also play important roles in the ability to raise capital. The Resulting Issuer can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to the Resulting Issuer's management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that the Resulting Issuer feels the business requires, or unavailable on acceptable terms, the Resulting Issuer may be required to cease operating or to modify its business plans in a manner that undermines its ability to achieve its business objectives.

***Financial statements are prepared on a going concern basis and the Resulting Issuer cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objectives.***

PMI's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future operations are dependent upon the successful completion of financing and the creation of operations deemed successful according to the standards of its industry. The Resulting Issuer cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. The Resulting Issuer's financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should it be unable to continue as a going concern.

***PMI holds licenses for IP rights where failure to obtain continued access to the rights could have a material adverse effect on the business.***

PMI holds certain licensing rights to existing patents such as the Mikaelian Polarization technology but cannot guarantee continued access to the patent rights, as PMI does not hold the rights. Failure to obtain continued access to the rights could limit the Resulting Issuer's ability to produce its products, which could have a material adverse effect on the Resulting Issuer's business.

***PMI relies on one source of Caribbean Blue Scorpion venom, where interrupted supply could have a material adverse effect on the business.***

PMI, through its Nutraceutical Product License and Distribution Agreement with Medolife is currently accessing a supply of Caribbean Blue Scorpion venom that CELLB9™ and the proposed energy drink are dependent on. Failure to have continued and uninterrupted access to Caribbean Blue Scorpion venom through the distribution agreement, or any other failure of Medolife to adequately fulfill their obligations with the Resulting Issuer on a timely and satisfactory basis, could have a material adverse effect on the Resulting Issuer's business.

***Availability and supply of raw materials may increase costs and reduce the financial viability of products available for sale.***

PMI currently outsources the manufacture of its products to third parties. At present, the manufacturing of CELLB9™ has been undertaken by Samson Pharmaceuticals, Inc., based in Commerce, California, U.S.A. Such third-parties in turn source raw materials, including scorpion venom, in order to produce the Resulting Issuer's products. The availability of raw materials as well as variations in the price of raw materials may therefore increase the Resulting Issuer's operating costs. The subsequent effect on the Resulting Issuer's operating profit margins depends on, among other things, the Resulting Issuer's ability to increase the prices of its finished products in the context of a competitive market. Fluctuations in raw material prices may therefore increase or decrease the Resulting Issuer's operating profit margins. Price increases may also result in downward pressure on sales volume. Furthermore, the Resulting Issuer's third-party manufacturer(s) will be competing with other producers and manufacturers to secure raw materials, and such producers or manufacturers may, because of a variety of factors, including but not limited to their relationships with suppliers, size, and competitive position within the industry, be able to secure raw materials before the Resulting Issuer's manufacturer(s) could secure such material, or may push the prices of raw materials higher because of such producers' or other manufacturers' demand for raw materials that the Resulting Issuer also requires. Potential delays in the Resulting Issuer's or any of its third-party manufacturers' ability to secure raw materials could undermine the Resulting Issuer's commitments to produce and deliver its products to distributors, which could undermine market share, revenue, and subsequently, profitability.

***The Resulting Issuer may not be able to complete an energy drink beverage formulation and the resulting sales.***

PMI is in the process of identifying a U.S. based beverage consulting business specializing in beverage formulation, packaging and marketing. The Resulting Issuer may be unsuccessful in negotiating an agreement with a particular group to formulate, package and market the planned Energy Drink beverages, and the Resulting Issuer may be unsuccessful in generating revenue from the Energy Drink beverages if they become available for sale.

***The Resulting Issuer may become involved in legal matters that may have materially adversely effects.***

From time to time in the ordinary course of the Resulting Issuer's business, the Resulting Issuer may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Resulting Issuer to incur significant expenses. Furthermore, because litigation is inherently unpredictable and can be highly expensive, the results of any such actions may have a material adverse effect on the Resulting Issuer's business, operations or financial condition.

***The outsourcing of certain operations and changes in third-parties could adversely affect the Resulting Issuer's operations, profitability, and reputation in the market.***

PMI currently outsources certain operations, including the manufacture, storage and packaging of its products, to third-parties. Although bound by contractual obligations, PMI has no direct control over the operations of the parties whom it outsources to. Such third parties are subject to various operational, economic and legal risks affecting their operations, and changes in such third-party operations, profitability, and regulatory environments could adversely affect the quality of and/or the ability of such parties to deliver services or goods to the Resulting Issuer, which in turn could adversely affect the Resulting Issuer's operations, profitability, and reputation in the market.

***The Resulting Issuer will be affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints both domestically and abroad, and its failure to comply with these constraints could lead to the imposition of significant penalties or claims, which could harm the Resulting Issuer's financial condition and operating results.***

In both domestic and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, advertising, importation, exportation, licensing, sale and storage of the Resulting Issuer's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and other similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial/state or local levels in Canada, the United States and at all levels of government in foreign jurisdictions. There can be no assurance that the Resulting Issuer or any of its distributors are in compliance with all of these regulations. The failure of the Resulting Issuer or its distributors to comply with these regulations or new regulations could disrupt the sales of the Resulting Issuer's products, or lead to the imposition of significant penalties or claims and could negatively impact the Resulting Issuer's business. In

addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of the Resulting Issuer's products, resulting in significant loss of sales revenues.

***Unanticipated business disruptions from outsourcing agents could negatively affect the Resulting Issuer's financial condition and performance.***

As mentioned above, PMI outsources the manufacturing of its products. Major events, such as equipment failure, health pandemics and natural disasters could lead to unanticipated business disruption of any or all of the Resulting Issuer's manufacturers and suppliers. The failure to find alternative manufacturers, suppliers or, to replace lost production capacity in a timely manner could negatively affect the Resulting Issuer's financial condition and performance.

***The Resulting Issuer is subject to consumers' overall ability and willingness to purchase health and wellness products, where any change in demand could negatively impact the Resulting Issuer's financial results.***

The Resulting Issuer's operations could be affected in certain economic contexts should unemployment levels, interest rates or inflation rates reach levels that influence consumer trends and, consequently, impact the Resulting Issuer's sales and profitability. In addition, demand for the Resulting Issuer's products is subject to changes in consumer trends, and such changes may affect future earnings. The impact of any changes will depend on the Resulting Issuer's ability to innovate and develop new products. The Resulting Issuer's products might not appeal to all consumers and may have more appeal to more affluent and/or health conscious consumers looking for alternatives to existing products competitive to the Resulting Issuer's product offering. As a result, changes in consumer trends and taste preferences on their own and in conjunction with changing product offerings by other suppliers may affect demand for the products.

***The ongoing economic slowdown and downturn of global capital markets may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future.***

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by ongoing global economic risks. As such, the Resulting Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to it. If uncertain market conditions persist, the Resulting Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Resulting Issuer's operations and the trading price of the Resulting Issuer's Shares on the Exchange, should the Exchange approve the listing of the Resulting Issuer's Shares.

***Legislative, regulatory, normative, and other political considerations may impact the granting or continued performance of permits and licenses affecting the Resulting Issuer's financial results.***

The Resulting Issuer is subject to local, provincial, federal and international laws, regulations, rules and policies as well as to social, economic and political contexts prevailing in places where the Resulting Issuer conducts its activities. Consequently, the modification or change of any of these elements may have an unfavourable impact on the Resulting Issuer's results and operations and may require expenditures by the Resulting Issuer in order to adapt or comply with such modification or change. More specifically, the production and distribution of health products are subject to federal, provincial and local laws, rules, regulations, and policies, and to international trade agreements, all of which provide a framework for the Resulting Issuer's operations. The impact of new laws and regulations, stricter enforcement or interpretations or changes to enacted laws and regulations will depend on the Resulting Issuer's ability to adapt to, comply with and mitigate such changes. PMI is currently in compliance with all important laws and regulations and maintains all important permits and licenses in connection with its operations.

***Regulatory changes related to health and wellness products could affect the Resulting Issuer's financial results.***

The production and distribution of health-related products and the impact of these activities on the environment and animals or animal products that may be used in such products, whether in Canada, the U.S. or elsewhere, are subject to legislation and regulations. If a law or regulation were amended, the resulting impact would depend on the Resulting Issuer's ability to adapt, comply and assume the related costs. Changes to the legal and regulatory environment could



have an impact on the Resulting Issuer's operating costs and financial results. Such regulatory amendments might include changes to food and drug laws, labelling laws, accounting standards, tax laws, competition laws and environmental laws, including laws with respect to water rights and water treatment regulations and laws affecting the treatment of animals. Such changes can have an impact on the Resulting Issuer's financial results or increase its costs and liabilities. Such changes would also affect all health products and would not disproportionately harm the Resulting Issuer relative to the health product industry. Despite this, given the Resulting Issuer's current product offering, laws regulating the use and extraction of scorpion venom will directly affect, and may disproportionately affect, the Resulting Issuer's business and operations, and any adverse law or the inability of the Resulting Issuer to adapt thereto may have a material adverse effect on the Resulting Issuer's business and operations.

***If the Resulting Issuer is unable to recruit and subsequently retain distributors, its revenue will not increase and may even decline.***

The Resulting Issuer intends to distribute and sell most of its products through independent distributors, and will depend on them to generate a significant portion of its revenue. The Resulting Issuer's distributors may terminate their services at any time, and, like most direct selling companies, the Resulting Issuer may experience high turnover among distributors from year to year. As a result, in order to maintain sales and increase sales in the future, the Resulting Issuer needs to recruit and retain those distributors and/or increase the productivity of its recruited and retained distributors. The growth of the Resulting Issuer depends upon its ability to increase the number of active distributors and maintain its current distributors. However, the number of the Resulting Issuer's active distributors may not increase and could decline in the future. While the Resulting Issuer has taken many steps to help train, motivate and retain distributors, it cannot accurately predict how the number and productivity of distributors may fluctuate because the Resulting Issuer relies primarily upon its distributors to recruit, train and motivate the distributors' own staff. The Reporting Issuer's operational results could be harmed if the Resulting Issuer fails to generate sufficient interest in its business to be able to distribute and sell its products.

The number and productivity of the Resulting Issuer's distributors also depends on several additional factors, including:

- any adverse publicity regarding the Resulting Issuer, its products, its distribution channels or its competitors;
- a lack of interest in, or the failure of, existing or new products;
- the public's perception of the Resulting Issuer's products and their ingredients;
- the public's perception of the Resulting Issuer's distributors and direct selling businesses in general; and
- general economic and business conditions.

In addition, the Resulting Issuer may face saturation or maturity levels in a given country or market. The maturity level of the markets could also affect the Resulting Issuer's ability to attract and retain distributors in those markets.

***Although the Resulting Issuer's distributors will be independent contractors, improper distributor actions that violate laws or regulations could harm its business.***

Distributor activities that violate governmental laws or regulations could result in governmental actions against the Resulting Issuer in markets where it operates. The Resulting Issuer's distributors will not be employees and will act independently. The Resulting Issuer will implement policies and procedures to attempt to ensure its distributors comply with legal requirements.

***Failure of new products to gain distributor and market acceptance could harm the Resulting Issuer's business.***

A critical component of the Resulting Issuer's business is its ability to develop new products that create enthusiasm among its distributor force. If the Resulting Issuer fails to introduce new products planned for introduction, its distributor productivity could be harmed. In addition, if any new products fail to gain market acceptance, are restricted by regulatory requirements, or have quality problems, this would harm the Resulting Issuer's operational results. Factors that could affect the Resulting Issuer's ability to continue to introduce new products include, among others, government regulations, the loss of key research and development staff or consultants, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit the Resulting Issuer's ability to offer comparable products and any failure to anticipate changes in consumer tastes and buying preferences.

***The loss of key high-level distributors could negatively impact the Resulting Issuer's distributor growth and its revenue.***

The loss of a high-level distributor or a group of leading distributors in the distributor's network of downline distributors, whether by their own choice or through disciplinary actions by the Resulting Issuer for violations of its policies and procedures could negatively impact the Resulting Issuer's distributor growth and its revenues.

***The Resulting Issuer may become subject to uninsured or uninsurable risks that could have a material adverse effect on its financial position.***

The Resulting Issuer may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities, and settlement of uninsured liabilities could have a material adverse effect on the Resulting Issuer's financial position.

***The Resulting Issuer does not have any business liability, disruption or litigation insurance, and any business disruption or litigation experienced might result in it incurring substantial costs and the diversion of resources.***

Insurance companies offer limited business insurance products and do not, to PMI's knowledge, offer business liability insurance suitable to management. While business disruption insurance is available, PMI has determined that the risks of disruption, the cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for the Resulting Issuer to have such insurance. As a result, the Resulting Issuer will not have any business liability, disruption or litigation insurance coverage for its development operations. Any business disruption or litigation may result in the Resulting Issuer incurring substantial costs and the diversion of resources.

***Product liability may exceed the Resulting Issuer's insurance, if any, at the relevant time and may cause the Resulting Issuer to cease operations, divert funds, or seek additional financing.***

The Resulting Issuer's operations are subject to certain dangers and risks of liability faced by all health product producers and distributors, such as the potential contamination of ingredients or products by bacteria or other external agents that may be introduced into products or packaging. The occurrence of such a problem could result in a costly product recall and serious damage to the Resulting Issuer's reputation for product quality, and could result in claims against the Resulting Issuer, all of which may or may not be sufficiently covered by the Resulting Issuer's insurance, if any, at the relevant time.

PMI currently indemnifies its directors in accordance with, and to the greatest extent possible under the BCBCA, including through director indemnification agreements. The Resulting Issuer's articles will contain provisions with respect to the indemnification of its directors to the greatest extent possible under the BCBCA. Additionally, it is expected to execute director indemnification agreements to limit the personal liability of directors within the limits defined by the British Columbia Securities Commission and the laws of Canada and the Province of British Columbia.

***Pre-clinical evaluations and clinical trials are very expensive, time-consuming and difficult to design and implement, and PMI has not yet commenced any pre-clinical evaluations or clinical trials.***

Currently, PMI has not commenced any pre-clinical evaluations or clinical trials, and depending on future developments it may not commence any such evaluations or trials. Any pre-clinical evaluations or clinical trials that the Resulting Issuer contemplates to undertake will be highly risky, and could require the use of substantial resources. Pre-clinical evaluations and clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The pre-clinical evaluation and clinical trial process are also time-consuming. Furthermore, failure can occur at any stage of any evaluation or trial, and problems could be encountered that can cause the evaluations or trials to be abandoned or repeated. The commencement and completion of any evaluation or trial may be delayed by several factors, including:

- failure to obtain regulatory approval to commence a trial;
- unforeseen safety issues;
- determination of dosing issues;
- lack of effectiveness during pre-clinical evaluations or clinical trials;
- inability to reach agreement on acceptable terms with prospective clinical research organizations and clinical trial sites;

- slower than expected rates of subject recruitment;
- failure to manufacture sufficient quantities of a product candidate for use in pre-clinical evaluations or clinical trials;
- inability to monitor subjects adequately; and
- inability or unwillingness of medical investigators to follow clinical protocols.

Furthermore, the Resulting Issuer, Health Canada, or the US-FDA may suspend any of the Resulting Issuer's future clinical trials at any time if it appears that the Resulting Issuer or its collaborators are failing to conduct a trial in accordance with regulatory requirements, that the Resulting Issuer is exposing participants to unacceptable health risks, or if Health Canada or the US-FDA find deficiencies in the Resulting Issuer's submissions or the conduct of the clinical trials. Therefore, the Resulting Issuer cannot predict with any certainty the schedule for commencement and completion of future clinical trials.

If the Resulting Issuer experiences delays in the commencement or completion of any future pre-clinical evaluation or clinical trials, or if it terminates the said pre-clinical evaluations or clinical trials prior to completion, the commercial prospects of the Resulting Issuer's product candidates could be harmed, and its ability to generate revenues from them may be delayed. In addition, any delays in future pre-clinical evaluation or clinical trials could increase the Resulting Issuer's costs, slow down any approval process and jeopardize the Resulting Issuer's ability to commence product sales and generate revenue. Any of these occurrences may harm the Resulting Issuer's business, financial condition and results of operations.

***Investment in current research and development efforts may not provide a sufficient, timely return.***

The development of new products and strategies is a costly, complex and time-consuming process, and the investment in technology product development and marketing often involves a prolonged time until a return is achieved on such an investment. PMI has made, and the Resulting Issuer will continue to make, significant investments in technology development and related product opportunities. Investments in new products are inherently speculative and risky. Commercial success depends on many factors including the degree of innovation of the products developed, sufficient support from the Resulting Issuer's strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for new development. These expenditures may adversely affect the Resulting Issuer's operating results if they are not sufficiently offset by revenue increases. The Resulting Issuer will continue to dedicate a significant amount of resources to its development efforts in order to maintain a competitive position in the market. However, significant revenue from such new product and service investments may not be achieved for a prolonged period of time, if at all. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for new products and services may not be as lucrative as the margins the Resulting Issuer has previously experienced for its legacy products and services.

***Health Canada, the US-FDA, or European Union regulators may not approve any of the Resulting Issuer's registrations.***

The Resulting Issuer intends to move forward with an Internet sales strategy for CELLB9™, in furtherance of which the Resulting Issuer has commenced a Health Canada application for a NPN, and is also undertaking Nutraceutical/Holistic Medicine registrations for the U.S. and European Union. However, there is a risk that the Resulting Issuer will not be successful in obtaining all or any of the foregoing registrations. The Resulting Issuer may also abandon any registration application for reasons including high registration costs or a change in the Resulting Issuer's marketing or strategic business direction. As a result, in instances where regulatory approval or approval of a label or designation is helpful but not mandatory for any product, the lack of such approval might diminish the marketability of the Resulting Issuer's current and future product offerings.

***There can be no assurance that the Resulting Issuer will be successful in developing and marketing new products or product enhancements or service offerings on a timely basis.***

The markets for nutrient and health related products are characterized by evolving regulatory and industry standards, changes in consumer tastes, needs, habits, and frequent new product introductions and enhancements within the industry. The introduction of products embodying new technologies or substances and the emergence of new industry standards and service offerings could render the Resulting Issuer's existing products and products currently under development obsolete or undermine the Resulting Issuer's ability to successfully compete with such other products. The Resulting Issuer's success will largely depend upon its ability to evolve its products and services to sufficiently keep pace with technological and regulatory developments and respond to the needs of its existing and prospective

customers. Failure to anticipate or respond adequately to technological developments or future customer or regulatory requirements, or any significant delays in product development or introduction, could damage the Resulting Issuer's competitive position in the market place and affect current and/or future commercialization plans. There can be no assurance that the Resulting Issuer will be successful in developing and marketing new products or product enhancements or service offerings on a timely basis.

***Current and future competitors could have a significant impact on our ability to generate future revenue and profits.***

The planned business to be carried out by the Resulting Issuer will be highly competitive and involve a high degree of risk. The Resulting Issuer is not the only supplier of nutrient and health related products in North America or other markets in which the Resulting Issuer intends to enter in the future. In its efforts to achieve its objectives, the Resulting Issuer will compete with other companies that may have greater resources, many of which will not only develop technology, but will also manufacture and sell similar products on a worldwide basis. The markets for its products are intensely competitive, and are subject to rapid consumer and technological changes and other pressures created by changes within the Resulting Issuer's industry. The Resulting Issuer expects competition to increase and intensify in the future as additional companies enter the Resulting Issuer's market, including competitors who may offer similar products. As a result, the Resulting Issuer may not be able to compete effectively with current competitors and potential entrants into its marketplace.

The Resulting Issuer could experience diminished market share if its current or prospective competitors introduce new competitive products, add or enhance existing products, acquire competitive products, reduce prices, or form strategic alliances with other companies. If competitors were to engage in aggressive pricing policies with respect to their products, or if the dynamics in the Resulting Issuer's marketplace resulted in increased bargaining power for the consumers of its products, the Resulting Issuer might need to lower the prices it charges for the products it plans to offer. This could result in lower revenues or reduced margins, either of which may materially and adversely affect the Resulting Issuer's business and operating results. Additionally, many current and potential competitors have:

- greater financial, technical and human resources;
- more extensive experience in pre-clinical testing, conducting clinical trials, obtaining regulatory approvals, and in manufacturing, marketing and selling products;
- products that have been approved or are in late stages of development; and
- collaborative arrangements in the Resulting Issuer's target markets with leading companies.

The Resulting Issuer's competitors may develop or commercialize products with significant advantages over any products the Resulting Issuer can develop based on any of the factors listed above or on other factors. The Resulting Issuer's competitors may therefore be more successful in commercializing their products than it is, which could adversely affect the Resulting Issuer's competitive position and business. Competitive products may make any products the Resulting Issuer develops obsolete or uncompetitive before it can recover the expenses of developing and commercializing its product candidates. Such competitors could also recruit the Resulting Issuer's employees, which could negatively impact the Resulting Issuer's level of expertise and the ability to execute its business plan.

***Management may have conflicts of interest in allocating management time, services and functions, and it is possible that these conflicts of interest could have a material adverse effect on the Resulting Issuer.***

The Resulting Issuer's executive officers and directors will devote only that portion of their time, which, in their judgment and experience, is reasonably required for the management, and operation of the Resulting Issuer's business. Furthermore, management may have conflicts of interest in allocating management time, services and functions among the Resulting Issuer's and any present or future ventures, which are or may be organized by its officers or directors and/or their affiliates. Management are not required to direct the Resulting Issuer as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to the Resulting Issuer. This includes rendering advice or services of any kind to other investors and creating or managing other businesses.

***The Resulting Issuer relies on its employees and members of management, and any loss of such personnel could result in a material adverse effect.***

The Resulting Issuer will depend on key personnel and changes to, or the departure of, key employees, consultants, or members of management could adversely affect the Resulting Issuer's operations. The Resulting Issuer will depend

on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Resulting Issuer's business. There can be no assurance that the Resulting Issuer will be able to attract or retain the quality of personnel required in the future. The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While employment and consulting agreements are customarily used as a primary method of retaining the services of key employees, consultants, and other personnel, these agreements cannot assure the continued services of such employees, consultants or personnel. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

***The price of health-related products in Canada, the United States, and International Markets, and any currency risk exposure, could impact the Resulting Issuer's financial results.***

The price of health-related products in Canada and the United States, as well as in international markets, are based on market supply and demand forces and consumer perception. The prices are tied to numerous factors, such as the health of the economy and supply and demand levels and consumer tastes in the health industry. Price fluctuations may affect the Resulting Issuer's operating profit margin. The effect of such fluctuations on the Resulting Issuer's financial results will depend on its ability to implement mechanisms to reduce them.

The Resulting Issuer may also have financial risk exposure to varying degrees relating to the currency of each of the countries where it sells its products. The level of the financial risk exposure related to any currency and exchange rate fluctuations will depend on the Resulting Issuer's ability to hedge such risk or through the use of another protection mechanism.

The management of the Resulting Issuer will play a crucial role in developing protective mechanisms for both the pricing and currency exposure risks, demonstrating the importance of retaining key management personnel.

***The Internet and related computer infrastructure are important components of PMI's business plan, and any disruption related thereto could cause a material adverse effect.***

The Resulting issuer will rely on the Internet and computer technology to market and sell its products and services through its website ([www.PreveCeutical.com](http://www.PreveCeutical.com)), in addition to any sale efforts that do not use the Internet. Similarly, the Resulting Issuer's suppliers and distributors may also rely on the Internet and computer technology for their business operations. The Resulting Issuer's reliance on Internet and computer technology implies that there can be no assurances that a system failure would not adversely affect the Resulting Issuer's performance. PMI presently has limited redundancy systems, relies on third party back up facilities and only has a limited disaster recovery plan. Despite the implementation of network security measures, the Resulting Issuer's servers may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptive problems which could lead to interruptions, delays or stoppages in service to users of the Resulting Issuer's website which could have a material adverse effect on the Resulting Issuer's business, operations and financial condition.

***PMI currently relies on certain web-based security and privacy measures, and failure or inadequacy of any measures may result in loss of revenue and / or increases in costs for the Resulting Issuer.***

If the security measures the Resulting Issuer plans to use to protect the personal information of its website users, such as credit card numbers, are ineffective it could result in a reduction in revenues from decreased customer confidence, an increase in operating expenses, as well as possible liability and compliance costs. Any breach in the Resulting Issuer's website security, whether intentional or unintentional, could cause users of its website to lose their confidence in the website, and as a result, stop using the website. This would result in reduced revenue and increased operating expenses, which would impair the Resulting Issuer's ability to achieve profitability. Additionally, breaches of the Resulting Issuer's users' personal information could expose the Resulting Issuer to possible liability, as any involved user, or users, may choose to sue the Resulting Issuer. Breaches resulting in disclosure of users' personal information may also result in regulatory fines for non-compliance with online privacy rules and regulations. The Resulting Issuer plans to rely on encryption and authentication technology licensed from third-parties whose area of expertise is to provide secure transmission of confidential information. PMI uses third-party payment processing for purchases through PMI's website and the Resulting Issuer will have no control over such third-party business and operations.

As a result of advances in computer capabilities, new discoveries in the field of cryptography and other developments, there is at least a chance that a compromise or breach of the Resulting Issuer's security precautions may occur. Any

compromise in the proposed security for the Resulting Issuer's computer systems could severely harm its business because a party who is able to circumvent the proposed security measures could misappropriate proprietary information, including customer credit card information, or cause interruptions in the operation of the website. The Resulting Issuer may be required to spend significant funds and other resources to protect against the threat of cyber security breaches or to alleviate problems caused by such breaches. However, protection may not be available at a reasonable price, or at all. Concerns regarding the security of e-commerce and the privacy of users may also inhibit the growth of the Internet as a means of conducting commercial transactions in general. The Resulting Issuer's website users may have these concerns as well and this may result in a reduction in revenue and an increase in the Resulting Issuer's operating expenses, which could prevent the Resulting Issuer from achieving profitability.

***Website functionality failure could cause the Resulting Issuer to experience reduced revenue and/or increased costs.***

If the software on the Resulting Issuer's website contains undetected errors, the Resulting Issuer could lose the confidence of users, resulting in loss of customers and a reduction of revenue. The Resulting Issuer's online systems, including, but not limited to its websites, software applications and online sales for products, could contain undetected errors or "bugs" that could adversely affect their performance. The Resulting Issuer plans to regularly update and enhance all sales, websites and other online systems. The occurrence of errors in any of these may cause the Resulting Issuer to lose market share and damage its reputation and brand name.

***Evolving regulation of the Internet may affect the Resulting Issuer adversely.***

As e-commerce continues to evolve, increasing regulation by federal, provincial, state or foreign agencies becomes more likely. For example, increased regulation is likely to occur in the area of data privacy, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect the Resulting Issuer's ability to use and share data for marketing and sales purposes, as well as restricting the ability to store, process and share data with the Resulting Issuer's customers and suppliers. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed in addition to any current taxes or charges for the sale of the Resulting Issuer's products. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm the Resulting Issuer's business.

***PMI shares are not currently publicly traded and an investor may not have liquidity for the investment and as a result may experience a declining share price.***

Currently there is no public market for the securities of PMI, and there can be no assurance that an active market for any of the Resulting Issuer securities will develop or be sustained at any time. If an active public market for the Resulting Issuer's Shares does not develop, the liquidity of an investor's investment may be limited and the Resulting Issuer Share price may decline.

In addition, the Exchange may not list the Resulting Issuer Shares and as a result, investors may not have liquidity for the investment and as a result may experience a declining share price. The listing of the Resulting Shareholder Shares on the Exchange will be subject to the Resulting Issuer meeting all of the requirements of the Exchange for such listing. There is a risk that the Resulting Issuer may not satisfy the conditions the Exchange imposes on the listing of the Resulting Issuer Shares and as such there is a risk that the Resulting Issuer may never be able to list its shares.

***Costs of maintaining a public listing are significant and may divert financial and operational resources that could otherwise create value for PMI and investors.***

If the Resulting Issuer's Shares are successfully listed on the Exchange, greater legal, accounting and other expenses related to regulatory compliance will be incurred than the Resulting Issuer would as a not-listed private entity. The Resulting Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

***If the Resulting Issuer's stock price fluctuates, investors could incur substantial losses.***

The stock market in general has recently experienced extreme price and volume fluctuations. The market prices of securities of pharmaceutical and biotechnology companies have been extremely volatile, and have experienced

fluctuations that often have been unrelated or disproportionate to the operating performance of these companies. These broad market fluctuations could result in extreme fluctuations in the price of the Resulting Issuer's Shares, which could cause the Resulting Issuer's investors to incur substantial losses. The market price of the Resulting Issuer Shares at any given point in time may not accurately reflect the Resulting Issuer's long-term value.

The market price of the Resulting Issuer Shares may be affected by many other variables, which are not directly related to the Resulting Issuer's performance and are, therefore, not within its control. These include other developments that affect the breadth of the public market for the Resulting Issuer's Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Resulting Issuer could make the share price volatile in the future, which may result in losses to investors.

***Investors should consider the share price volatility and speculative nature of share ownership and any share purchase should be considered a speculative investment.***

The successful completion of the Proposed Transaction may result in many legacy shareholders being able to freely trade their Resulting Issuer Shares after any respective hold period such Resulting Issuer Shares may have. Factors both internal and external to the Resulting Issuer may significantly influence the price at which the Resulting Issuer Shares trade. Quarterly operating results and material developments reported by the Resulting Issuer can, and likely will, influence the price of the Resulting Issuer Shares. Sentiment toward stocks in the industry, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Resulting Issuer's Shares. The Resulting Issuer will be a young company that has not generated revenue and has not yet generated any profit, and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Resulting Issuer Shares on the Exchange.

***The Resulting Issuer does not intend to pay dividends for the foreseeable future and investors may lose all of their investment in PMI.***

Neither Carrara nor PMI have paid any cash dividends and the Resulting Issuer does not currently intend to pay any dividends. To the extent that the Resulting Issuer requires additional funding currently not provided for in its financing plan, the Resulting Issuer's funding sources may prohibit the payment of dividends. Since the Resulting Issuer does not intend to declare dividends, any gain on an investment in the Resulting Issuer will need to come through an increase in the price of the Resulting Issuer Shares. This may never happen and investors may lose all of their investment in the Resulting Issuer.

***The future sale of equity securities in the Resulting Issuer will dilute investors' voting power and reduce future earnings per share through dilution.***

Future sales or issuances of equity securities could decrease the value of the Resulting Issuer Shares, dilute shareholders' voting power and reduce future potential earnings per share. The Resulting Issuer cannot predict the size of future sales and issuances of equity securities, convertible securities to equity securities or the effect, if any, that future sales and issuances of equity securities or convertible securities will have on the market price of the Resulting Issuer Shares. Sales or issuances of a substantial number of equity securities or convertible securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Resulting Issuer Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in their earnings per Resulting Issuer Share, and further suffer such dilution upon the conversion of convertible securities into equity.

#### **Auditor**

It is expected that Buckley Dodds Parker LLP, Chartered Professional Accountants, the current auditor of PMI, will be appointed as the successor auditor of the Resulting Issuer. Buckley Dodds Parker LLP's offices are located at Suite 1140, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

#### **Registrar and Transfer Agent**

It is expected that TSX Trust Company, of Suite 2700, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9, the current registrar and transfer agent for Carrara, will remain the Resulting Issuer's registrar and transfer agent.

## **GENERAL INFORMATION**

### **Interest of Informed Persons in Material Transactions**

Except as disclosed herein, since the commencement of Carrara and PMI's most recently completed financial years, no informed person, as such term is defined in NI 51-102, proposed director, or any associate or affiliate of the foregoing persons, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect Carrara, PMI or any of their respective subsidiaries.

#### ***Carrara***

Matalia Investments Ltd., a private company controlled by Robert Coltura, a director, the Chief Financial Officer and Corporate Secretary of Carrara, provides management and administrative services to Carrara for a fee of \$2,500 per month. For the financial year ended July 31, 2016, the aggregate amount of \$20,000 was paid by Carrara to Matalia Investments Ltd. for the provision of such services.

Syndicated Capital Corp., a private company controlled by A. Salman Jamal, a director of Carrara, provided management and administrative services during the financial year ended July 31, 2016 to Carrara for a fee of \$2,500 per month. For the financial year ended July 31, 2016, the aggregate amount of \$20,000 was paid by Carrara to Syndicated Capital Corp. for the provision of such services.

Earls Cove Financial Corp., a private company controlled by Jerry Minni, who acted as a director and the Chief Financial Officer of Carrara from December 15, 2014 until July 7, 2016, provides office premises to Carrara. For the financial year ended July 31, 2016, the aggregate amount of \$8,000 was paid by Carrara to Earls Cove Financial Corp. for the provision of such premises.

J.A. Minni & Associates, a private company also controlled by Jerry Minni, provides accounting services to Carrara. For the financial year ended July 31, 2016, the aggregate amount of \$5,223.75 was paid by Carrara to J.A. Minni & Associates for the provision of such services.

#### ***PMI***

Except as disclosed in this Information Circular, since the commencement of PMI's most recently completed financial year, no "informed person" of PMI, as such term is defined in NI 51-102, associate or affiliate of the foregoing persons, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect PMI.

### **Interest of Informed Persons in Matters to be Acted Upon**

Other than as set forth in this Information Circular, no person who has been a director or officer of Carrara or PMI at any time since the beginning of their most recently completed financial year, and no proposed director of the Resulting Issuer, nor any associate or affiliate of any such person, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Carrara or PMI Meeting, as applicable, other than the election of directors.

### **Interests of Experts**

The following opinions or reports have been described or included in this Information Circular:

1. Manning Elliott LLP, Chartered Professional Accountants are the auditors of Carrara and have audited and prepared an auditor's report on the financial statements of Carrara for the year ended July 31, 2016 and from incorporation date to July 31, 2015. Manning Elliott LLP has informed Carrara that it is independent of Carrara within the meaning of the rules of professional conduct of the Organization of Chartered Professional Accountants of British Columbia ("**CPABC**").
2. Buckley Dodds Parker LLP, Chartered Professional Accountants are the auditors of PMI and have audited and prepared an auditor's report on the financial statements of PMI for the year ended December 31, 2016 and for the period ended December 31, 2015. Buckley Dodds Parker LLP has confirmed that it is independent of PMI in accordance with the CPABC.



As at the date of this Information Circular, none of the aforementioned persons beneficially owns, directly or indirectly, securities of Carrara or PMI or their associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any associate or affiliate of the Resulting Issuer.

**Other Material Facts**

There are no other material facts regarding Carrara, PMI, the Resulting Issuer or the Proposed Transaction other than as disclosed herein.

**Additional Information**

Additional information regarding Carrara and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) under "Issuer Profiles – Carrara Exploration Corp.". Carrara's financial information is provided in Carrara's comparative financial statements and related MD&A for its most recently completed financial year and interim period and may be viewed on the SEDAR website at the location noted above.

**Approval**

The contents and delivery of this Information Circular to the Carrara and PMI Shareholders has been approved by the Carrara and PMI Boards. Where information in this Information Circular rests particularly within the knowledge of a person other than Carrara, Carrara has relied upon information furnished by such person, and where information contained in this Information Circular rests particularly within the knowledge of a person other than PMI, PMI has relied on information furnished by such person.

*[Remainder of page intentionally left blank; signature page to follow]*

DATED this 24th day of April, 2017.

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
CARRARA EXPLORATION CORP.**

*/s/ Robert Coltura*

Robert Coltura  
Chief Financial Officer, Corporate Secretary and Director

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
PREVECEUTICAL MEDICAL INC.**

*/s/ Stephen Van Deventer*

Stephen Van Deventer  
Chief Executive Officer and Chairman of the Board

## SCHEDULE "A"

### Dissent Rights under the BCBCA

*The following description of the right to dissent and appraisal to which Shareholders are entitled (the "**Dissent Rights**") is not a comprehensive statement of the procedures to be followed by a particular shareholder and is qualified in its entirety by reference to Sections 237 to 247 of Division 2 of Part 8 of the BCBCA (the "**Dissent Provisions**").*

#### **General Procedure for Exercise of Dissent Rights**

A shareholder that fully complies with the Dissent Provisions (a "**Dissenter**") has the right to be paid the fair value of the Dissenter's Notice Shares (as defined below). A shareholder who intends to exercise its Dissent Rights should carefully consider and comply with the provisions of the BCBCA. Failure to strictly comply with these provisions, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

Subject to Section 245(5) of the BCBCA, a company must not make a payment to a Dissenter if there are reasonable grounds for believing that (i) the company is insolvent, or (ii) such payment would render the company insolvent. Accordingly, Dissenters who otherwise comply with the requirements of the Dissent Provisions and as outlined in this Schedule "A" may not receive payment for any shares in respect of which the shareholder is exercising the Dissent Right (the "**Notice Shares**").

Persons who are non-registered shareholders who wish to dissent should be aware that only registered shareholders are entitled to dissent. A registered shareholder, such as an intermediary, who holds shares as a nominee for non-registered shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of any non-registered shareholders who wish to dissent with respect to the shares held for such non-registered shareholders. In such case, the Notice of Dissent (as defined below) should set forth the number of shares it covers.

A registered Carrara Shareholder must give written notice of his or her dissent (a "**Notice of Dissent**") to Carrara by depositing such Notice of Dissent with Carrara, or mailing it to Carrara at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2, Attention: Robert Coltura, Chief Financial Officer and Secretary, which Notice of Dissent must be received by **10:00 a.m. (Pacific Daylight Time) at least two (2) days before the date of the Carrara Meeting** or any adjournment thereof.

A registered PMI Shareholder must deposit his or her Notice of Dissent with PMI, or mail it to PMI at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3, Attention: Shabira Rajan, Chief Financial Officer and Controller, which Notice of Dissent must be received by **2:00 p.m. (Pacific Daylight Time) at least two (2) days before the date of the PMI Meeting** or any adjournment thereof.

A shareholder who wishes to dissent must prepare a separate Notice of Dissent for (i) the shareholder, if the shareholder is dissenting on its own behalf, and (ii) each person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting. To be valid, a Notice of Dissent must:

1. identify in each Notice of Dissent the person on whose behalf dissent is being exercised;
2. set out the number of Notice Shares, which number cannot be less than all of the shares held by the beneficial holder on whose behalf the Dissent Right is being exercised;
3. if the Notice Shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the Shareholder owns no other Common Shares as beneficial owner, a statement to that effect;
4. if the Notice Shares constitute all of the shares of which the shareholder is both the registered and beneficial owner, but the shareholder owns other shares as beneficial owner, include a statement to that effect, and set out:
  - (a) the names of the registered owners of those other shares;
  - (b) the number of those other shares that are held by each of those registered owners; and

- (c) a statement that Notices of Dissent are being or have been sent in respect of all those other shares; and
5. if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the registered shareholder, include a statement to that effect, and set out:
- (a) the name and address of the beneficial owner; and
  - (b) a statement that the registered shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the registered shareholder's name.

The giving of a Notice of Dissent does not deprive a shareholder of his or her right to vote at the Carrara or PMI Meeting on the RTO Resolution or Amalgamation Resolution, as applicable. However, if a shareholder votes (or instructs or is deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the RTO Resolution or the Amalgamation Resolution, as applicable, the shareholder is not entitled to exercise a Dissent Right with respect to the shares voted, and any Dissent Notice delivered with respect to such shares will be rendered invalid. For greater certainty, a vote in favour of the RTO Resolution or Amalgamation Resolution, as applicable, will effectively cancel a Notice of Dissent and eliminate the right to dissent over the shares specified in the Notice of Dissent. A shareholder may, however, vote as a proxy for another shareholder whose proxy required an affirmative vote without affecting his or her own right to exercise the Dissent Right. A vote against the motion to approve the RTO Resolution or the Amalgamation Resolution, as applicable, or the execution or exercise of a proxy does not constitute a Notice of Dissent.

If the company intends to act on the authority of the RTO Resolution or Amalgamation Resolution, as applicable, it must send a notice (the "**Notice to Proceed**") to each shareholder that delivered a Notice of Dissent promptly after the later of:

1. the date on which the company forms the intention to proceed, and
2. the date on which the Notice of Dissent was received.

The Notice to Proceed must be dated not earlier than the date on which it is sent and state that the company intends to act on the authority of the RTO Resolution or Amalgamation Resolution, as applicable and advise the shareholder of the manner in which dissent is to be completed. On receiving a Notice to Proceed, if the shareholder wishes to proceed with the dissent, the shareholder must, within one month of the Notice to Proceed, send to the company or its transfer agent for the Notice Shares the following items:

1. a written statement that the shareholder requires the company to purchase all of the Notice Shares;
2. the certificates, if any, representing the Notice Shares, and
3. in the case of a dissent being exercised by a shareholder on behalf of a beneficial owner, a written statement signed by the beneficial owner on whose behalf the dissent is being exercised and set out whether or not the beneficial owner is the beneficial owner of other shares, and, if so, setting out the names of the registered owners of those other shares, the number of other shares held by each registered owner, and a statement that a dissent is being exercised in respect of all those other shares,

(together, the "**Notice of Completion**").

If the shareholder does not send the Notice of Completion, the right of the shareholder to dissent with respect to the Notice Shares ceases and the Notice of Dissent is no longer valid. Upon receipt by the company of a valid Notice of Completion, the shareholder (now a Dissenter) has satisfied its obligations under the Dissent Provisions and the Notice Shares held by the Dissenter will be deemed to have been transferred to the company (free of any claims) and cancelled and the Dissenter will cease to have any rights as a shareholder other than the right to be paid by the company the fair value of the Dissenter's Notice Shares in accordance with the Dissent Provisions. The Company and the Dissenter may agree on the amount of the payout value of Notice Shares and, in that event, the company must either promptly pay that amount to the Dissenter or send a notice to the Dissenter stating that the company is unable to lawfully pay the Dissenter for the Dissenter's Notice Shares as the company is insolvent or the payment would render the company insolvent.

If the company and the Dissenter do not agree on the amount of the payout value of the Notice Shares, the Dissenter or the company may apply to the Supreme Court of British Columbia (the "**Court**") and the Court may:

1. determine the payout value of the Notice Shares or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar or a referee of the Court;
2. join in the application each Dissenter who has not agreed with the company on the amount of the payout value of Notice Shares; and
3. make consequential orders and give directions it considers appropriate.

Promptly after a determination of the payout value of Notice Shares has been made, the company must either pay that amount to the Dissenter or send a notice to the Dissenter that the company is unable lawfully to pay the Dissenter for the Dissenter's Notice Shares as the company is insolvent or the payment would render the company insolvent. If the Dissenter receives a notice that the company is unable to lawfully pay the Dissenter for the Dissenter's Notice Shares, whether the payout value was determined by agreement between the company and the Dissenter or pursuant to a court order, the Dissenter may, within thirty (30) days after receipt, withdraw the Dissenter's Notice of Dissent. If the Notice of Dissent is not withdrawn, the Dissenter remains a claimant against the company to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to shareholders. Any notice required to be given by the company or a shareholder to the other in connection with the exercise of the Dissent Rights that is mailed will be deemed to have been received, on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

### **Text of Dissent Rights Under the BCBCA**

#### **Definitions and application**

**237 (1)** In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

**(2)** This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

## **Right to dissent**

**238 (1)** A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

**(2)** A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

**(3)** Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

## **Waiver of right to dissent**

**239 (1)** A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

**240 (1)** If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,

- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242 (1)** A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner



and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

**(5)** The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

**243 (1)** A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
  - (i) the date on which the company forms the intention to proceed, and
  - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

**(2)** A notice sent under subsection (1) (a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

**244 (1)** A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
- (b) the certificates, if any, representing the notice shares, and
- (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

#### **Payment for notice shares**

**245 (1)** A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

#### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**SCHEDULE "B"**

**PMI audited financial statements and management  
discussion & analysis for the year ended December 31, 2016 and  
the period from incorporation to December 31, 2015**

See attached.

**PREVECEUTICAL MEDICAL INC.**  
**Financial Statements**  
**Year Ended December 31, 2016**

**PREVECEUTICAL MEDICAL INC.**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Shareholders of Preveceutical Medical Inc.

We have audited the accompanying financial statements of Preveceutical Medical Inc., which comprise the balance sheet as at December 31, 2016 and 2015 and the statements of loss, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*



Independent Auditor's Report to the Shareholders of Preveceutical Medical Inc. *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Preveceutical Medical Inc. as at December 31, 2016 and 2015 and its financial performance and its cash flow for the year then ended 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 indicates that at December 31, 2016, the Company has an accumulated deficit of \$3,250,223, a working capital deficit of \$398,231 and incurred a net loss of \$3,127,217. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cause significant doubt upon the Company's ability to continue as a going concern.

Vancouver, British Columbia  
April 13, 2017

  
BUCKLEY DODDS PARKER LLP  
Chartered Professional Accountants

**PREVECEUTICAL MEDICAL INC.**

**Balance Sheet**

**December 31, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	\$ 897	\$ -
Inventory (Note 6)	59,861	-
Loan receivable	-	7,000
Goods and services tax recoverable	27,603	619
Prepaid expenses	396	24,846
Security / tender deposits	16,256	1,837
Share subscription receivable	-	700
	<u>105,013</u>	<u>35,002</u>
EQUIPMENT (Note 7)	<u>2,670</u>	<u>-</u>
	<u>\$ 107,683</u>	<u>\$ 35,002</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 9)	\$ 47,036	\$ 16,208
Accounts payable and accrued liabilities (Note 10)	189,565	-
Callable debt (Note 11)	73,227	-
Convertible debt (Note 12)	11,293	-
Payroll taxes payable	182,123	-
Bonuses payable	-	81,000
	<u>503,244</u>	<u>97,208</u>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Equity portion of convertible debt (Note 12)	3,232	-
Share capital (Note 14)	2,851,430	60,800
Deficit	<u>(3,250,223)</u>	<u>(123,006)</u>
	<u>(395,561)</u>	<u>(62,206)</u>
	<u>\$ 107,683</u>	<u>\$ 35,002</u>

**ON BEHALF OF THE BOARD**

"Kimberly Van Deventer" Director

"Stephen Van Deventer" Director

The accompanying notes are an integral part of these audited financial statements.

**PREVECEUTICAL MEDICAL INC.**  
**Statement of Loss**  
**For the Year Ended December 31, 2016**

	2016	2015 <i>(2 months)</i>
<b>REVENUES</b> <i>(Note 16)</i>	<b>\$ 31,054</b>	<b>\$ -</b>
<b>COST OF SALES</b>		
Sales discount	13,390	-
Purchases	13,296	-
Freight in and duty	5,115	-
Royalties <i>(Note 13)</i>	1,001	-
Merchant service fees	320	-
	<b>33,122</b>	<b>-</b>
<b>GROSS PROFIT</b>	<b>(2,068)</b>	<b>-</b>
<b>EXPENSES</b>		
Salaries and wages	1,588,626	81,600
Consulting fees	406,849	-
Travel	154,254	17,319
Accounting fees	137,114	-
Advertising and promotion	70,920	6,892
Meals and entertainment	61,704	3,933
Office	42,676	9,522
Sub-contracts	40,241	-
Legal fees	40,059	-
Professional fees	39,169	2,375
Meetings and conventions	36,367	-
Inventory management	24,171	-
Interest and bank charges	22,798	284
Memberships	17,217	-
Utilities	14,803	-
Vehicle	14,102	229
Website	7,021	-
Repairs and maintenance	3,607	-
Business taxes and licences	783	352
Amortization	481	-
Equipment rentals	-	500
	<b>2,722,962</b>	<b>123,006</b>
<b>LOSS FROM OPERATIONS</b>	<b>(2,725,030)</b>	<b>(123,006)</b>
<b>FOREIGN EXCHANGE LOSS</b>	<b>(2,187)</b>	<b>-</b>
<b>LOSS BEFORE IMPAIRMENT</b>	<b>(2,727,217)</b>	<b>(123,006)</b>
<b>IMPAIRMENT</b> <i>(Note 8)</i>	<b>400,000</b>	<b>-</b>
<b>NET LOSS</b>	<b>\$ (3,127,217)</b>	<b>\$ (123,006)</b>
<b>EBITA</b>	<b>\$ (2,701,751)</b>	<b>\$ (122,721)</b>
<b>LOSS PER SHARE</b>	<b>\$ (0.071)</b>	<b>\$ (0.007)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>38,063,193</b>	<b>17,591,000</b>

The accompanying notes are an integral part of these audited financial statements.

**PREVECEUTICAL MEDICAL INC.**

**Statement of Changes in Equity**

**Year Ended December 31, 2016**

	Common Shares	Paid-In Capital	Share Issuance	Deficit	Convertible Loan Equity	Total
Balance at incorporation	17,000,000	\$ 1,700	\$ -	\$ -	\$ -	\$ 1,700
Net loss	-	-	-	(123,006)	-	(123,006)
Issue of shares	591,000	59,100	-	-	-	59,100
Balance as at December 31, 2015	17,591,000	60,800	-	(123,006)	-	(62,206)
Issue of shares	23,036,408	1,664,232	-	-	-	1,664,232
Share issuance cost	-	-	(60,577)	-	-	(60,577)
Convertible loan equity	-	-	-	-	3,232	3,232
Employee stock option plan	3,950,000	1,186,975	-	-	-	1,186,975
Net loss	-	-	-	(3,127,217)	-	(3,127,217)
Balance as at December 31, 2016	44,577,408	2,912,007	(60,577)	(3,250,223)	3,232	(395,561)

The accompanying notes are an integral part of these audited financial statements.

**PREVECEUTICAL MEDICAL INC.**  
**Statement of Cash Flow**  
**Year Ended December 31, 2016**

	2016	2015 <i>(2 months)</i>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (3,127,217)	\$ (123,006)
Items not affecting cash:		
Amortization of equipment	481	-
Convertible loan accretion	3,232	-
Intangible asset impairment	400,000	-
	<b>(2,723,504)</b>	<b>(123,006)</b>
Changes in non-cash working capital:		
Accounts receivable	(897)	-
Inventory	(59,861)	-
Prepaid expenses	24,450	(24,846)
Goods and services tax	(26,984)	(619)
Security / tender deposits	(14,419)	(1,837)
Share subscription receivable	700	(700)
Accounts payable and accrued liabilities	189,566	-
Payroll taxes payable	182,123	-
Bonuses payable	(81,000)	81,000
Loan receivable	7,000	(7,000)
	<b>220,678</b>	<b>45,998</b>
Cash flow used by operating activities	<b>(2,502,826)</b>	<b>(77,008)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(3,152)	-
Purchase of intangible assets	(400,000)	-
Cash flow used by investing activities	<b>(403,152)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Convertible debt	11,293	-
Common shares	2,790,630	60,800
Callable debt	73,227	-
Cash flow from financing activities	<b>2,875,150</b>	<b>60,800</b>
<b>DECREASE IN CASH FLOW</b>	<b>(30,828)</b>	<b>(16,208)</b>
Deficiency - beginning of year	<b>(16,208)</b>	<b>-</b>
<b>DEFICIENCY - END OF YEAR (Note 9)</b>	<b>\$ (47,036)</b>	<b>\$ (16,208)</b>

The accompanying notes are an integral part of these audited financial statements.

# PREVECEUTICAL MEDICAL INC.

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. NATURE AND CONTINUANCE OF BUSINESS

Preveceutical Medical Inc. (the "Company") is incorporated provincially under the Business Corporations Act of British Columbia on October 5, 2015. The Company's corporate office is located at Suite 605-815 Hornby Street, Vancouver, BC, V6Z 2E6. The Company is in the business of licensing, branding and marketing of nutraceutical and wellness products. The Company's initial go-to-market is CELLB9, an immune system booster, where production of CELLB9 is manufactured by Samson Pharmaceuticals Inc., a 3rd party FDA approved facility in the United States of America. Following the launch of CELLB9, the Company plans to license, brand and market additional nutraceutical and wellness products.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing, and;
- Continued financial support from the creditors.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future.

Based on the Company's financial position at December 31, 2016, available funds are not considered adequate to meet requirements for fiscal 2017 based on budgeted expenditures for operations and project investigations. To meet working capital requirements, the Company will have to access financial resources through additional equity placements. There can be no assurances that such funds will be available and/or on terms acceptable by the Company. These conditions cast significant doubt on the Company's ability to continue is a going concern.

While these financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are significant conditions and events that cast significant doubt on the validity of that assumption.

At December 31, 2016, the Company has an accumulated deficit of \$3,250,223 (2015 - \$123,006), a working capital deficit of \$398,231 (2015 - \$62,206) and incurred a net loss of \$3,127,217 (2015 - \$123,006). These conditions indicate the existence of a material uncertainty that may cause significant doubt upon the Company's ability to continue as a going concern.

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# PREVECEUTICAL MEDICAL INC.

## Notes to Financial Statements

Year Ended December 31, 2016

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### 2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized by the Audit Committee and Board of Directors of the Company on April 13, 2017.

#### **Use of estimates and judgments**

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

##### **i) Recovery of deferred tax assets**

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

##### **ii) Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### **Determination of functional currency**

The functional currency is the currency of the primary economic environment in which the entity operates. management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

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**PREVECEUTICAL MEDICAL INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments policy

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company's receivables are classified as loans and receivables.

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis based on the following rates:

- Furniture and equipment - 20% declining balance
- Software - 40% declining balance

The Company regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Interest-bearing loans and other borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

*(continues)*

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Convertible debt instruments

The company's convertible debt instruments are segregated into their debt and equity elements at the date of issue, based on the relative fair market values of these elements in accordance with the substance of the contractual agreements. The debt element of the instruments is classified as a liability, and recorded as the present value of the company's obligation to make future interest payments in cash, and settle the redemption value of the instrument in cash or in a variable number of shares. The carrying value of the debt element is accreted to the original face value of the instruments, over their deemed life, using the effective interest method.

*(continues)*

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the company were unable to continue its operations.

Revenue recognition

Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Callable debt

The company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Future accounting pronouncements

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9 was issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted if the date of initial application is before February 1, 2015, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning November 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

Effective for annual period beginning on or after January 1, 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees- leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The company is currently evaluating the impact of IFRS 16 on its financial statements and plans to adopt the new standard on the required effective date.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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**PREVECEUTICAL MEDICAL INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

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**4. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2016.

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**5. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**6. INVENTORIES**

Inventory is carried at its fair value of \$59,861. Cost of inventories recognized as an expense throughout the year is \$2,397.

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**7. EQUIPMENT**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer software	\$ 1,683	\$ 334	\$ 1,349	\$ -
Furniture and fixtures	1,468	147	1,321	-
	<b>\$ 3,151</b>	<b>\$ 481</b>	<b>\$ 2,670</b>	<b>\$ -</b>

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**8. INTANGIBLE ASSETS**

	2016	2015
Purchase option exercised	\$ 300,000	\$ -
Licences - cost	100,000	-
	400,000	-
Impairment	(400,000)	-
	\$ -	\$ -

During the year ended December 31, 2016, intangibles with indefinite useful life acquired through the purchase of Cornerstone Global Partners Inc. ("CGP") property, with a value in use of \$400,000 were allocated to the Company's Cash Generating Unit ("CGU"), which is the operating and reportable segment, for impairment testing.

The Company performed its annual impairment test on its intangible assets at December 31, 2016. Based on the analysis performed, the estimated recoverable value of the intangible assets was determined to be nil, and accordingly the estimated recoverable amount of the asset was adjusted to nil. The Company recorded \$400,000 as an impairment loss. The recoverable amount was estimated based on fair value less costs of disposal under the replacement cost methodology that relied on level 3 inputs.

**9. CASH**

	2016	2015
Bank indebtedness	\$ (47,036)	\$ (16,208)

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2016	2015
Consultants	\$ 69,376	\$ -
Employee expenses	8,583	-
Other payables	57,661	-
Accrued liabilities	53,946	-
	\$ 189,566	\$ -

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

11. CALLABLE DEBT

	2016	2015
License agreement loan bearing interest at 5% per annum. The loan matures on February 1, 2017, is unsecured and is callable on demand.	\$ 73,227	\$ -
Balance due in one year	(73,227)	-
	\$ -	\$ -

Interest accrued for December 31, 2016 is \$3,227.

On December 9, 2016, the Company entered into a Credit Facility Agreement (the "Facility") with Stephen and Kimberly Van Deventer (the "Creditors"). The facility is available for a maximum of \$1,000,000 CAD at an interest rate of 5% simple interest per annum calculated on a daily basis. Amounts drawn by December 31, 2016 were nil and no interest amounts were paid.

See note 22 for extension of callable debt and credit facility agreement amendment subsequent to year-end.

12. CONVERTIBLE DEBT

	2016	2015
Initial balance	\$ 14,000	\$ -
Equity portion of loan	(4,585)	-
Accretion balance	1,353	-
Interest accrued	525	-
	\$ 11,293	\$ -

Convertible debt bearing interest at 5% per annum without annual compounding, repayable one year from date of contract. Interest is calculated and payable on a quarterly basis. The loan matures on March 27, 2017 and is unsecured. Loan is callable on demand and convertible into shares at \$0.10 per share of the balance outstanding on maturity date.

On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at the time by market to instrument of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The difference is attributed to the equity component of the compound financial instrument. The balance recognized as equity is \$3,232 (equity portion of loan less accretion balance).

Therefore, we have derecognized the liability component of \$1,353 and recognized this as equity in accordance with IAS 32. The market rate for similar debts was determined to be 8%.

See note 22 for extension of convertible debt subsequent to year-end.



**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

13. RELATED PARTIES

	2016	2015
<u>Related party transactions</u>		
Cornerstone Global Partners Inc.		
Rent	\$ 24,000	\$ 6,300
License agreement loan	(105,000)	-
Repayment of loan	35,000	-
Interest accrued on loan	(3,227)	-
Royalty	1,001	-
	(48,226)	6,300
Stephen Van Deventer <i>CEO and Chairman</i>		
Salary and wages	180,000	81,000
Share based compensation	75,125	-
	255,125	81,000
Kimberly Van Deventer <i>President and Director</i>		
Salary and wages	\$ 144,000	\$ -
Loan receivable	-	(7,000)
Share based compensation	75,125	-
	219,125	(7,000)
Jeremy Wright <i>CFO and Director (CFO ended September 6, 2016, Director ended February 19, 2017)</i>		
Consulting fees	69,000	-
Share based compensation	45,075	-
	114,075	-
Brian Harris <i>VP Corporate Development and Director</i>		
Consulting fees	90,000	-
Share based compensation	300,500	-
	390,500	-
Shabira Rajan <i>CFO, Controller and Corporate Secretary</i>		
Consulting fees	35,000	-
Share based compensation	75,125	-
	110,125	-
Greg Reid <i>Director</i>		
Share based compensation	90,150	-

*(continues)*

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

13. RELATED PARTIES *(continued)*

	2016	2015
Alex Bayer <i>Director (Director ended February 10, 2017)</i> Share based compensation	60,100	-
	<b>\$ 702,053</b>	<b>\$ 80,300</b>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Cornerstone Global Partners Inc. has a royalty agreement in place where they are paid a 5% royalty quarterly based on gross revenues for the period.

Due to related parties

	2016	2015
Current portion due to related parties		
Due to Cornerstone Global Partners Inc.	\$ 75,327	\$ -
Due to Kimberly Van Deventer	4,245	-
Due to Brian Harris	18,833	-
Due to Jeremy Wright	18,900	-
Due to Shabira Rajan	31,643	-
	<b>\$ 148,948</b>	<b>\$ -</b>

Advances from Cornerstone Global Partners Inc. bear interest at 5% and are due on demand. For further information on loan advance, see note 11 on callable debt. All other related party balances bear no interest and have no stated terms of repayment.

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

14. SHARE CAPITAL

Authorized:  
 Unlimited Common class "A" voting shares

	2016	2015
Issued:		
44,577,408 Common class 'A' voting shares	<b>\$ 2,851,430</b>	<b>\$ 60,800</b>

	2016		2015	
	Shares	Amount	Shares	Amount
<b>Class A</b>				
Shares outstanding at the beginning of the year	17,591,000	\$ 60,800	-	\$ -
Issued	22,876,900	1,526,688	17,000,000	1,700
Stock option plan shares issued	3,950,000	1,186,975	-	-
Shares subscribed for and fully paid	159,508	76,967	591,000	59,100
Shares outstanding at the end of the year	44,577,408	\$ 2,851,430	17,591,000	\$ 60,800

Please see the detail in note 15.

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

15. SHARE CAPITAL

	Shares	Amount
Balance on December 31, 2015	17,591,000	60,800
January 22, 2016	1,835,400	183,540
February 17, 2016	15,000,000	300,000
March 15, 2016	486,000	48,600
March 17, 2016	1,125,000	112,500
May 18, 2016	600,000	60,000
June 1, 2016	500,000	50,000
June 17, 2016	1,395,000	348,750
June 26, 2016	19,200	4,800
July 4, 2016	920,000	230,000
August 8, 2016	100,000	25,000
August 14, 2016	3,800,000	1,141,900
August 24, 2016	500,000	125,000
August 25, 2016	396,300	99,075
August 31, 2016	(100,000)	(30,050)
September 1, 2016	250,000	75,125
December 15, 2016	159,508	76,967
	<b>44,577,408</b>	<b>2,912,007</b>

On January 22, 2016, the Company issued 1,835,400 new shares at \$0.10 per share in the amount of \$183,540.

On February 17, 2016, the Company issued 15,000,000 new shares at \$0.02 per share in exchange of the exclusive right and license of Cornerstone Global Partners Inc. ("CGP") to use CGP's property including and not limited to trademarks, intellectual property, URL's and the use of the Property on packing, promotional and advertising material associated with the business.

On March 15, 2016, the Company issued 486,000 new shares at \$0.10 per share in the amount of \$48,600.

On March 17, 2016, the Company issued 1,125,000 new shares at \$0.10 per share in the amount of \$112,500.

On May 18, 2016, the Company issued 600,000 new shares at \$0.10 per share in the amount of \$60,000.

On June 1, 2016, the Company issued 500,000 new shares at \$0.10 per share in the amount of \$50,000.

On June 17, 2016, the Company issued 1,395,000 new shares at \$0.25 per share in the amount of \$348,750.

On June 26, 2016, the Company issued 19,200 new shares at \$0.25 per share in the amount of \$4,800

On July 4, 2016, the Company issued 920,000 new shares at \$0.25 per share in the amount of \$230,000.

On August 8, 2016, the Company issued 100,000 new shares at \$0.25 per share in the amount of \$25,000.

*(continues)*

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

15. SHARE CAPITAL *(continued)*

	Shares	Amount
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On August 14, 2016, the Company implemented an authorized Stock Option Plan. Specifically, the Company has granted 3,800,000 incentive stock options to purchase class A common shares of the Company under the Company's 10% rolling stock option plan to certain directors, officers, a consultant and an employee of the Company. Each option entitles the holder to common shares valued at \$0.25 per share until August 14, 2018 and vest immediately. The Binomial option pricing model was used to determine the fair value of the common shares using the following assumption: risk free interest rate of 1.00%, expected divided yield of 0%, stock price volatility of 50%.

On August 24, 2016, the Company issued 500,000 new shares at \$0.25 per share in the amount of \$125,000.

On August 25, 2016, the Company issued 396,300 new shares at \$0.25 per share in the amount of \$99,075.

On August 31, 2016, the Company amended the authorized Stock Option Plan. Specifically, the company cancelled 100,000 of the options held by the former CFO Jeremy Wright.

On September 1, 2016, the Company issued 250,000 options to Shabira Rajan as the incoming CFO and Controller. Each option entitles the holder to common shares valued at \$0.25 per share until September 1, 2018 and vest immediately. The Binomial option pricing model was used to determine the fair value of the common shares using the following assumption: risk free interest rate of 1.00%, expected divided yield of 0%, stock price volatility of 50%.

On December 15, 2016, the Company issued 159,508 new shares at \$0.50 and \$0.35USD in the amount of \$76,967.

Share issuance costs for the period were \$60,577.

16. SEGMENTED REVENUE

	2016	2015
Canadian revenue	\$ 18,726	\$ -
United States revenue	9,363	-
Other revenue	2,965	-
	\$ 31,054	\$ -

The Company sells its product globally and the reportable segments are those that represent more than 10% of gross revenue in a geographic location. Canadian sales make up 61% of gross revenue and the United States make up 31% of gross revenue.

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**17. INCOME TAXES**

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26.00% (2015 - 26.00%) to the income for the year and is reconciled as follows:

	2016	2015
Loss for tax purposes	<b>\$ (1,458,188)</b>	<b>\$ (112,380)</b>
Income tax expense at the combined basic federal and provincial tax rate:	<b>\$ (379,129)</b>	<b>\$ (29,219)</b>
Valuation allowance	<b>379,129</b>	<b>29,219</b>
Effective tax expense	<b>\$ -</b>	<b>\$ -</b>

**18. NON-CAPITAL TAX LOSSES CARRIED FORWARD**

The company has incurred losses of \$2,640,744 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

2036	\$ 112,380
2037	<u>2,640,744</u>
	<b><u>\$ 2,753,124</u></b>

At December 31, 2016, the Company has Canadian tax loss carried forwards that total \$2,753,124 to apply against future year's income for Canadian income tax purposes, subject to final determinial by taxation authorities.

**19. FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS**

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest-bearing financial assets and liabilities is determined by discounting the contractual principal and interest-payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk. Carrying values of the Company's financial assets and financial liabilities approximate their fair values at December 31, 2016.

Carrying values of financial assets and financial liabilities as at December 31, 2016 were as follows:

	Fair value through profit and loss	Loans and current assets	Other liabilities	2016
<u>December 31, 2016</u>				
Cash	\$ (47,065)	\$ -	\$ -	<b>\$ (47,065)</b>
Accounts receivable	-	897	-	<b>897</b>
Inventory	-	59,861	-	<b>59,861</b>

*(continues)*

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

19. FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

	Fair value through profit and loss	Loans and current assets	Other liabilities	2016
Prepaid expenses	-	16,651	-	<b>16,651</b>
Accounts payable and accrued liabilities	-	-	(371,689)	<b>(371,689)</b>
Callable debt	-	-	(73,227)	<b>(73,227)</b>
Convertible debt	-	-	(11,293)	<b>(11,293)</b>
	<b>(47,065)</b>	<b>77,409</b>	<b>(456,209)</b>	<b>(425,865)</b>
	<b>\$ (47,065)</b>	<b>\$ 77,409</b>	<b>\$ (456,209)</b>	<b>\$ (425,865)</b>

20. FAIR VALUE HIERARCHY

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The following table outlines financial assets and liabilities measured at fair value in the consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

Section heading	Level 1	Level 2	Level 3	2016
Cash	\$ (47,065)	\$ -	\$ -	\$ (47,065)
Accounts receivable	897	-	-	897
Inventory	-	59,861	-	59,861
Prepaid expenses	-	16,651	-	16,651
Accounts payable and accrued liabilities	(371,689)	-	-	(371,689)
Callable debt	-	(73,227)	-	(73,227)
Convertible debt	-	-	(11,293)	(11,293)
	<b>(417,857)</b>	<b>3,285</b>	<b>(11,293)</b>	<b>(425,865)</b>
	<b>\$ (417,857)</b>	<b>\$ 3,285</b>	<b>\$ (11,293)</b>	<b>\$ (425,865)</b>

**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**21. FINANCIAL INSTRUMENTS**

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

**Fair value**

The company's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of amounts due to shareholders is less than carrying value because the amounts are non-interest bearing. However, because the amounts due to shareholders have no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the company for debt with similar terms.

**Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**Commodity risk**

The company is exposed to fluctuations in commodity prices for natural gas, crude oil and natural gas liquids. Commodity prices are affected by many factors including supply, demand and the Canadian to U.S. dollar exchange rate. The company had no financial hedges or price commodity contracts in place at year end.

**Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, accounts payable and accrued liabilities and due from related parties.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and due to related parties approximate their book values because of the short-term nature of these instruments.

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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21. FINANCIAL INSTRUMENTS *(continued)*

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Transaction costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the cost with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

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**PREVECEUTICAL MEDICAL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**22. SUBSEQUENT EVENTS**

The following events occurred subsequent to the fiscal year end:

**Issuance of Shares**

During the period from January 1, 2017 to April 10, 2017, 2,000 new shares have been issued at \$0.35USD per share.

**Amalgamation with Carrara Exploration Corp.**

On March 21, 2017, the Company entered into an amalgamation agreement with Carrara Exploration Corp. (Carrara) and a newly incorporated subsidiary of Carrara (Subco) whereby the Company will become a wholly owned subsidiary of Carrara by way of a three-cornered amalgamation. Pursuant to the terms of the amalgamation agreement, the Company and Subco will amalgamate and continue as a B.C. corporation which will be a wholly owned subsidiary of Carrara. Upon completion of the amalgamation, all of the issued and outstanding common shares in the capital of the Company held by the holder of the Company's shares will be cancelled and Carrara will issue an equal number of common shares without par value in capital of the company to the Company shareholders who will then control a majority of the issued and outstanding voting securities of Carrara. The amalgamation and the issuance of the Carrara shares to the Company shareholders will constitute a reverse takeover by the Company.

**Material Agreements**

The Company signed a Letter of Intent ("LOI") on April 7, 2017 covering two research programs which align with the Company's vested interest in preventative health care. These programs will focus on development and evaluation translatable formulations for delivery of Cannabinoids ("CBDs") and delivery of nutraceutical or pharmaceutical products to diabetes patients based on the Company's intellectual property and product line. The parties are currently negotiating the entry into a definitive agreement regarding the services to be provided by UniQuest, which agreement will supersede the LOI once executed by the parties.

**Callable Debt Agreements**

Subsequent to year-end, the callable debt arrangements with Cornerstone Global Partners Inc. The new agreements extend Cornerstone Global Partners Inc. to February 1, 2018.

On March 31, 2017, the credit facility was amended to include an additional \$1,000,000 to make the line of credit available for use by the Company to \$2,000,000 and is subject to the same terms as the original agreement.

**Convertible Debt**

Subsequent to year-end the convertible debt arrangement was renegotiated, extending the arrangement to March 27, 2018.

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**PREVECEUTICAL MEDICAL INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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The following management discussion and analysis (“MD&A”) of the financial condition and results of operations of PreveCeutical Medical Inc. (“PMI”) constitutes management’s review of the factors that affected PMI’s financial and operating performance for the year ended December 31, 2016. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian dollars unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year presented are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PMI’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and this Management Discussion and Analysis (“MD&A”), is complete and reliable.

Additional information is available on PMI’s website at [www.preveceutical.com](http://www.preveceutical.com).

The effective date of this report is April 13, 2017.

### **FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact, certain information contained herein is forward-looking statements. Forward-looking statements are usually identified by PMI’s use of certain terminology, including “will”, “may”, “expects”, “should”, “anticipates” or “intends” or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause PMI’s actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

### **DESCRIPTION OF BUSINESS**

PMI is a private British Columbia company which is in the business of licensing, branding and marketing nutraceutical and wellness products, using nature and science to develop lasting contributions to health and well-being.

PMI currently has one product available for sale, the CELLB9™ immune-system booster. CELLB9 is an oral solution containing polarised and potentiated essential minerals extracted from a novel peptide, obtained from Blue Scorpion serum. The active potentiated ingredients in the Blue Scorpion serum appear to support health at a deep cellular level, having been used for many years and in over 40

**PREVECEUTICAL MEDICAL INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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countries. The solution is colourless and odourless and can be administered orally. CELLB9 is produced by Samson Pharmaceuticals Inc., in its FDA approved facility in the United States of America.

PMI is in the process of evaluating additional nutraceutical and wellness products that fit its acquisition, licensing, branding and marketing strategy. Management has not yet determined whether these products have a value that is economically recoverable.

**OVERALL PERFORMANCE**

PMI is still in the development stage. It initiated the sale of CELLB9 in June 2016 which generated minimal revenue (\$51,060 after discount). Its focus is on developing nutraceutical and wellness products that will generate future revenue.

**SELECTED ANNUAL INFORMATION**

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Revenues	\$31,054	\$0
Net (Loss)	(\$3,127,217)	(\$123,007)
Net (Loss) per Share	(\$0.071)	(\$0.0076)
Cash/(Bank Indebtedness)	\$47,036	\$16,208
Total Assets	\$107,683	\$35,002
Total Liabilities	\$503,244	\$97,208
Shareholders' equity(deficit)	(\$395,561)	(\$62,206)

**RESULTS OF OPERATION**

For the year ending December 31, 2016, PMI was focusing on developing its product line and building resources. PMI has a core team for its operations and is continuing to build its team. Revenue, which was minimal, was derived from online sales of CELLB9. The gross margin of \$2,068 included product given for promotion and testing.

The year ending December 31, 2016 was the first complete year of operations for PMI. Of the \$2,722,963 expenses, \$1,186,975 (3,950,000 shares) was share based payment for stock options granted during the year. None of these options were exercised during the year. Other expenses included salaries, and fees paid for auditing, accounting, legal, business development and other services, travel for raising capital.

The net loss included the cost of impairment of the intangible assets which consisted of two trademarks obtained under an option agreement. An independent valuation of the intangible asset was conducted as per the annual impairment requirements in accordance with International Accounting Standard

**PREVECEUTICAL MEDICAL INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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("IAS") 36. Even though management anticipates the value of these trademarks to exceed the amount paid, this impairment had to be made as per the IAS 36 rules. The independent valuator concluded that recoverable amount is nominal and based on their analysis the impairment loss of the intangible asset was \$400,000.

**LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2016, there was a working capital deficiency of \$398,232, which included a bank indebtedness of \$47,036.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As is typical with start-up companies there will be more costs than revenue in the first few years. PMI is in the development stage focusing on developing its marketable products. To support its initial operations, PMI is dependent on equity financing. PMI successfully raised \$1,723,332 in equity raised during the year ending December 31, 2016. PMI will be depending on further equity financing.

PMI is not subject to any externally imposed capital requirements, and there has been no change with respect to the overall capital risk management strategy during the fiscal year.

Management is taking steps to ensure PMI has funding to continue its operations which include:

1. For equity financing, it has determined that completion of a going-public transaction would be advisable to advance the development of PMI's business and have determined that this would be most beneficially accomplished by way of an amalgamation transaction with a company that is already a "reporting issuer" under Canadian securities laws. PMI has entered into an amalgamation agreement dated March 21, 2017, with Carrara Exploration Corp. PMI is working with Carrara on all the required steps to affect the amalgamation. In conjunction with the Amalgamation, Carrara will undertake a non-brokered private placement (the "Private Placement") of up to 10,000,000 units (the "Units") for minimum gross proceeds of \$1 million and maximum gross proceeds of \$5 million at a price of \$0.50 per unit and consisting of one Carrara Share and one transferable common share purchase warrant exercisable at \$1.00 per share for a period of twelve months from the closing of the Private Placement (with expiration date acceleration provision).

Upon closing of the Amalgamation, PMI will have access to at least \$1 million and additional \$2 million if warrants are exercised within a year.

2. To cover any shortfall for operational funding and working capital requirements, PMI has entered into an agreement with Kimberly Van Deventer (President and Director) and Stephen Van Deventer (CEO and Director) on December 9, 2016, by which they will extend a line of credit (LOC) to PMI. Per the agreement, PMI will be able to draw on the line of credit provided under the agreement for up to \$1,000,000 CAD. Funds borrowed under the line of credit will bear simple interest at 5% per annum and are convertible into common shares of the Company at \$0.50 CAD (being the share price offered in the Company's ongoing private placement). On March 31, 2017, this agreement was amended to increase the LOC was increased by \$1,000,000 to \$2,000,000. The credit facility amount can be increased if required.
3. PMI is continuing to look into other funding including grants for research and development.

## **RELATED PARTY TRANSACTIONS**

### **1. Management**

During the year, compensation (excluding share based compensation for stock options) to directors included:

- Stock-based compensation to A. Bayer, PMI Director, for Corporate Development consulting of 100,000 PMI Class A Common Shares, value of \$25,000 (\$0.25 per share)
- Consulting fees of \$90,000 was paid to Hill Road Capital, a corporation related to PMI's Director and VP Corporate Development.
- Consulting fees of \$69,000 was paid to Seatrend Strategy Group, a company owned by PMI's past Director and CFO, Jeremy Wright.
- Salary was paid to Stephen Van Deventer, PMI's Chairman and CEO in the amount of \$225,000 for services provided.
- Salary was paid to Kimberly Van Deventer, PMI's President and Director in the amount of \$180,000 for services provided.

### **2. Cornerstone Global Partnership Inc. (CGP)**

CGP is a corporation that is owned by the CEO and Chair, Mr. Stephen Van Deventer and President and Director, Mrs. Kimberley Van Deventer.

During the year, PMI paid office rent of \$24,000 to CGP.

Short term loan of \$105,000 was made to PMI by CGP in January 2016 which was payable for the exclusive right and license to use CGP's property including and not limited to trademarks, intellectual property, URL's and the use of the Property on packing, promotional and advertising material associated with the business. For the year interest in the amount of \$3,227 was payable on the loan and there was a repayment of \$35,000. The balance of the loan at December 31, 2016 was \$73,227

Further details of these transactions are disclosed in notes to the audited December 31, 2016 financial statements.

## **OUTSTANDING SHARE DATA**

As of the date of this MD&A, we have 40,627,408 common shares issued and outstanding (excludes stock options). There were no shares purchased with warrants, and no share options were converted into common shares during the year.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Details of Financial Instruments and Risk Management are disclosed in the notes to the December 31, 2016 Audited Financial Statement.

## **RISKS AND UNCERTAINTIES**

In conducting its business, PMI faces a number of risks and uncertainties related to its operations, some of which are beyond its control. These risks include (but not limited to):

- The industry is capital intensive and subject to fluctuations in market sentiment, foreign exchange and interest rates.
- The only sources of future funds for further product development and marketing which is presently available are the sale of inventory and funding from equity capital. Management has

**PREVECEUTICAL MEDICAL INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

been successful in accessing the equity markets during the year, but there is no assurance that such sources will be available on acceptable terms in the future.

- Any future equity financings for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- PMI's intention is to make products available for sale globally. As such, operations are subject to political risk due to political, economic, social and other uncertainties, including the risk of civil rebellion, nationalization, land ownership disputes, renegotiation or termination of existing and future contracts, permits or other agreement, changes in laws or taxation policies, currency exchange restrictions and changing political conditions.
- PMI's continued operations require licenses from various parties and governmental authorities. There is no assurance that PMI will be successful in obtaining or maintaining the necessary licenses and permits to continue with the development and commercialization activities or that current licenses will remain in force as granted.
- While management believes that control over bank accounts and our assets is adequate, there is internal control weaknesses exist in respect of a lack of segregation of duties, and a risk of management override of controls and procedures. It is management's opinion that these weaknesses in internal controls over financial reporting are inherently related to the small size of the issuer.

Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statements.

**STOCK OPTIONS**

At the August 8, 2016 Annual General Meeting, the shareholders approved implementation of a 10% rolling Stock Option Plan for the Company. This plan was implemented on August 11, 2016. On March 27, 2017, PMI's Board extended the term by 24 months for a total term for the Options to be exercised 48 months after the date of their grant to each participant. As at December 31, 2016, 3,950,000 incentive stock options to purchase Class A common share of the Company at an exercise price of \$0.25 per share under this plan were issued as follows:

<b>Participant</b>	<b>Number of Stock Options</b>	<b>Grant Date</b>	<b>Expiry of Option</b>	<b>Vesting Terms</b>
Stephen Van Deventer, Director & CEO	250,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Kimberly Van Deventer, Director & President	250,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Jeremy Wright, Director	150,000	11-Aug-2016	20-May-2017	All Options vest immediately
Brian Harris, Director, VP Corporate Development	1,000,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Greg Reid, Director	300,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Alex Bayer, Director	200,000	11-Aug-2016	11-May-2017	All Options vest immediately
Makarand Jawadekar, CSO	500,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Alicia Rebman, VP of Marketing	750,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Sydney Cole, Executive Assistant	300,000	11-Aug-2016	10-Aug-2020	All Options vest immediately
Shabira Rajan, CFO & Controller	250,000	1-Sep-2016	30-Aug-2020	All Options vest immediately
<b>TOTAL</b>	<b>3,950,000</b>			

## **SUBSEQUENT EVENTS**

### **SHARE ISSUE**

During the period January 1, 2017 to April 10, 2017, 2,000 shares have been issued at \$0.35US per share.

### **AMALGAMATION WITH CARRARA EXPLORATION CORP**

On March 21, 2017, PMI entered into an amalgamation agreement with Carrara Exploration Corp. (Carrara) and a newly incorporated subsidiary of Carrara (Subco) whereby PMI will become a wholly owned subsidiary of Carrara by way of a three-cornered amalgamation. Pursuant to the terms of the amalgamation agreement, PMI and Subco will amalgamate and continue as a B.C. corporation which will be a wholly owned subsidiary of Carrara. Upon completion of the amalgamation, all of the issued and outstanding common shares in the capital of PMI held by the holders of the PMI shares will be cancelled, and the company will issue an equal number of common shares without par value in capital of the company to the PMI shareholders who will then control a majority of the issued and outstanding voting securities of the company. The amalgamation and the issuance of the Carrara shares to the PMI shareholders will constitute a reverse takeover of the company by PMI.

### **MATERIAL AGREEMENTS**

To advance its goal of developing an extensive patent portfolio, PMI has engaged UniQuest Pty Limited (UniQuest) to provide research and development services. PMI will be signing its first research and option agreement with UniQuest whereby UniQuest will be researching the development of scorpion venom derived natural and synthetic peptides which incorporate disulfide bond containing amino acid compounds.

PMI is signed a Letter of Intent on April 7, 2017 covering two research programs which align with PMI's vested interest in preventive health care. These programs will focus on development and evaluation translatable formulations for delivery of Cannabinoids ("CBDs") and delivery of nutraceutical or pharmaceutical products to diabetes patients based on PMI's intellectual property and product line. The parties are currently negotiating the entry into a definitive agreement regarding the services to be provided by UniQuest, which agreement will supersede the LOI once executed by the parties.



**PREVECEUTICAL MEDICAL INC.**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED DECEMBER 31, 2015**

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders of Preveceutical Medical Inc.

We have audited the accompanying financial statements of Preveceutical Medical Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of loss and comprehensive loss, changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 is sufficient and appropriate to provide a basis for our audit opinion

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Preveceutical Medical Inc. as at December 31, 2015 and the results of its operations and its cash flow for the period then ended 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 indicates that at December 31, 2015, the Company has an accumulated deficit of \$123,006 and incurred a net loss of \$123,006. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cause significant doubt upon the Company's ability to continue as a going concern

*Buckley Dodds Parker LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
March 16, 2016

**PREVECEUTICAL MEDICAL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	2015
<b>ASSETS</b>	
<b>Current</b>	
Loan receivable ( <i>Note 8</i> )	\$ 7,000
Share subscription receivable ( <i>Note 8</i> )	700
Goods and services tax recoverable	619
Prepaid	<u>26,683</u>
<b>Total Assets</b>	<b>\$ 35,002</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Current</b>	
Bank indebtedness	\$ 16,208
Wages payable ( <i>Note 6</i> )	<u>81,000</u>
	97,208
<b>Equity</b>	
Share capital ( <i>Note 7</i> )	1,700
Other equity instruments ( <i>Note 9</i> )	59,100
Deficit	<u>(123,006)</u>
	<u>(62,206)</u>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 35,002</b>

Approved and authorized by the Board on March 16, 2016.

"Stephen Van Deventer" Director      "Jeremy Wright" Director

The accompanying notes are an integral part of these financial statements.

**PREVECEUTICAL MEDICAL INC.**  
**STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**PERIOD ENDED DECEMBER 31, 2015**

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	2015
<b>EXPENSES</b>	
Advertising and promotion	\$ 6,892
Business taxes and licences	352
Equipment rentals	500
Interest and bank charges	283
Meals and entertainment	21,252
Office	6,450
Professional fees	2,375
Salaries and wages	81,600
Supplies	3,073
Vehicle	229
	<hr/> 123,006
<b>Net loss and comprehensive loss for the period</b>	<hr/> \$ 123,006
<b>Basic and diluted loss per common share</b>	<hr/> \$ 0.008
<b>Weighted average number of common shares outstanding</b>	<hr/> 16,208,791

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The accompanying notes are an integral part of these financial statements.

**PREVECEUTICAL MEDICAL INC.**  
**STATEMENT OF CASH FLOW**  
**PERIOD ENDED DECEMBER 31, 2015**

	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Income (loss) for the period	\$ (123,006)
Changes in non-cash working capital items:	
Prepaid expenses	(24,846)
Good and services tax payable	(619)
Security and tender deposits	(1,837)
Wages payable	81,000
Loan receivable	(7,000)
Share subscription receivable	(700)
	<u>45,998</u>
Net cash provided by (used in) operating activities	<u>\$ (77,008)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Share subscription received	<u>\$ 60,800</u>
Net cash provided by (used in) financing activity	<u>\$ 60,800</u>
<b>DECREASE IN CASH</b>	<u>\$ (16,208)</u>
<b>Cash, beginning of period</b>	<u>\$ -</u>
<b>Cash, end of period</b>	<u>\$ (16,208)</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**PREVECEUTICAL MEDICAL INC.**  
**STATEMENT OF EQUITY**  
**PERIOD ENDED DECEMBER 31, 2015**

	<b>Share Capital</b>		<b>Other Equity Instruments</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>				
Balance at incorporation	8,000,000	\$ 800	\$ -	\$ -	\$ -	\$ 800
Issue of shares	9,000,000	900	-	-	-	900
Shares to be issued	-	-	59,100	-	-	59,100
Loss and comprehensive loss	-	-	-	-	(123,006)	(123,006)
<b>Balance at December 31, 2015</b>	<b>17,000,000</b>	<b>\$ 1,700</b>	<b>\$ 59,100</b>	<b>\$ -</b>	<b>(123,006)</b>	<b>\$ 62,206</b>

The accompanying notes are an integral part of these financial statements.

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Preveceutical Medical Inc. (the “Company”) was incorporated under the Business Corporations Act (BC) on October 2, 2015. The Company’s corporate office is located at Suite 605-815 Hornby Street, Vancouver BC, V6Z 2E6. The Company is in the business of licensing, branding and marketing of nutraceutical and wellness products. The Company’s initial go-to-market product is CELLB9, an immune system booster, where production of CELLB9 manufactured by a 3rd party FDA approved facility in the United States of America named Samson Pharmaceuticals Inc. Following the launch of CELLB9, the Company plans to license, brand and market additional nutraceutical and wellness products.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing; and,
- Continued financial support from the creditors.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future.

Based on the Company’s financial position at December 31, 2015, available funds are not considered adequate to meet requirements for fiscal 2016 based on budgeted expenditures for operations and project investigations. To meet working capital requirements, the Company will have to access financial resources through equity placements. There can be no assurances that such funds will be available and/or on terms acceptable by the Company. These conditions cast significant doubt on the Company’s ability to continue as a going concern.

While these financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are significant conditions and events that cast significant doubt on the validity of that assumption.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance to international financial reporting standards**

These financial statements, including comparatives have been prepared in accordance with International Accounting Standard (“IAS”) 1, “Presentation of Financial Statements” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized by the audit committee and board of directors of the Company on March 16, 2016.

### **Use of estimates and judgments**

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:



**2. BASIS OF PRESENTATION (cont'd...)**

i) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

ii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

**Determination of functional currency**

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Foreign exchange**

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions exchange gains and losses arising on translation are recognized through profit or loss.

**Financial instruments**

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company's receivables are classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Interest-bearing loans and other borrowings**

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

**Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Revenue recognition**

Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

The company has not realized any revenue for the period ended December 31, 2015.

**Future accounting pronouncements**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

*IFRS 9, Financial Instruments: Classification and Measurement*

IFRS 9 was issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted if the date of initial application is before February 1, 2015, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning November 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**4. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the period ended December 31, 2015.

## **5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### *Financial risk management*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, accounts payable and accrued liabilities and due from related parties.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and due to related parties approximate their book values because of the short-term nature of these instruments.

### *Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of good and services sales tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at December 31, 2015 the Company has no financial assets that are past due or impaired due to credit risk defaults.

### *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar as the Company's head office and operations are in Canada. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

### *Transaction Costs*

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

**PREVECEUTICAL MEDICAL INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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Falling due within the next twelve months	2015
Wages payable	\$ 81,000
Total	\$ 81,000

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**7. SHARE CAPITAL**

Issued and outstanding

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	Number of Shares	Amount
Shares issued	17,000,000	\$1,700
Balance, December 31, 2015	17,000,000	\$1,700

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**PREVECEUTICAL MEDICAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2015**

**8. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of companies owned in whole or in part by executive officers and directors as follows:

Name	Position and nature of transactions
Stephen Van Deventer	CEO and Chairman – Management services
Kimberley Cole	Director – Management services
Jeremy Wright ( <i>start date February 17, 2016</i> )	CFO and Director – Management services

The remuneration of directors and other members of key management personnel during the period ended December 31, 2015 were as follows:

	2015
Salaries and wages	\$ 81,000
Total	\$ 81,000

Amounts due from related parties during the period ended December 31, 2015 were as follows:

	2015
Stephen Van Deventer ( <i>share subscription receivable</i> )	\$ 350
Kimberley Cole ( <i>share subscription receivable</i> )	350
Kimberley Cole ( <i>non-interest bearing loan</i> )	7,000
Total	\$ 7,700

The company entered into a licence agreement (Note 10) in the year with Cornerstone Global Partners Inc. controlled by two directors of the Company.

**PREVECEUTICAL MEDICAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2015**

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**9. OTHER EQUITY INSTRUMENTS**

As of December 31, 2015 the Company has received \$59,100 in share subscription for 591,000 shares to be issued at \$0.10 a share on January 22, 2016.

**10. INCOME TAXES**

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% to the income for the year and is reconciled as follows:

	December 31, 2015
Loss for the year	\$ (123,006)
Expected income tax (recovery)	(33,967)
Change in statutory rates	1,019
Change in unrecognized deductible temporary differences	(32,948)
Total income tax expense (recovery)	\$ -

The significant components of the Company's deferred tax assets are as follows:

	December 31, 2015
Deferred tax assets (liabilities)	
Non-capital losses available for future period	\$ 123,006
Unrecognized deferred tax assets	(123,006)
Net deferred tax assets	\$ -

At December 31, 2015, the Company has Canadian tax loss carried forwards totally \$123,006 to apply against future year's income for Canadian income tax purposes, subject to final determination by taxation authorities, expiring December 31, 2035.



**11. LICENCE AGREEMENT**

On October 5, 2015, the Company entered into a License Agreement with Cornerstone Global Partners Inc. (“CGP”) whereby it has been granted the exclusive and non-transferable right and license to use CGP’s property including and not limited to trademarks, intellectual property, URL’s and the use of the Property on packing, promotional and advertising material associated with the Business.

The license term is from October 5, 2015 and is not to exceed twelve months. Any extension of the term is to be mutually agreed upon by both parties. As part of the licence the Company has been granted the option to purchase the property for consideration of \$100,000 plus the issuance of 15,000,000 Class A common shares of the Company at the deemed price of \$0.02 from the Company.

**12. SUBSEQUENT EVENTS**

On January 25, 2016, the Company exercised its option in the License Agreement with CGP, see Note 10 to the financial statements, issuing 15,000,000 Class A common shares at the deemed price of \$0.02 from the Company and paying the license fee under the License Agreement with CPG by agreeing to treat the \$100,000 license fee as a demand loan owing to CPG from February 1, 2016 and due on February 1, 2017 with an annual simple interest of 4%. As a result, the Company received the property under License Agreement as subscription proceeds deemed at \$300,000 and obtained the ownership of the property per License Agreement. On February 6, 2016 the Company amended the License Agreement with CGP documenting the exercise of the option and issuance of the demand loan.

On February 8, 2016, the Company entered into a license and distribution agreement whereas Medolife grants PreveCeutical an exclusive global license to a private label product to be sold, distributed and marketed under the PreveCeutical brand name.

On February 17, 2016, Chief Financial Officer Kimberly Van Deventer resigned from her position. She remains a Director of the Company. On February 17, 2016, the Company appointed Jeremy Wright to Chief Financial Officer and Director of the Company.

Between January 1, 2016 and the date of the financial statements, the Company issued 17,416,400 common share at a price of \$0.10 per share.

## **PREVECEUTICAL MEDICAL INC.**

### **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of PreveCeutical Medical Inc. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year-ended December 31, 2015. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statement for the year-ended December 31, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PreveCeutical common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to our Company may be on the Company's website at [www.preveceutical.com](http://www.preveceutical.com).

The effective date of this report is March 16, 2016.

### **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

### **DESCRIPTION OF BUSINESS**

PreveCeutical Medical Inc. (the "Company" or "PreveCeutical") was incorporated under the **Business Corporations Act (BC)** on October 2 2015. The Company's corporate office is located at Suite 605 - 815 Hornby Street, Vancouver BC, V6Z 2E6. The Company is in the business of licensing, branding and marketing nutraceutical and wellness products.

The Company's initial go-to-market product is CELLB9™, which appears to be an immune system booster. CELLB9 will be produced by Samson Pharmaceuticals Inc., a 3rd party FDA approved facility in the United States of America. The Company is also in the process of evaluating additional nutraceutical and wellness products that fit our acquisition, licensing, branding and marketing strategy. Management has not yet determined whether these products have value that is economically recoverable.

We have earned nil revenue from our activities and our Company is considered to be in the development stage.

## **PREVECEUTICAL MEDICAL INC.**

### **OVERVIEW**

On October 5, 2015 the Company entered into a license agreement with Cornerstone Global Partners Inc. (“CGP”), a corporation owned by Mr. Stephen Van Deventer and Mrs. Kimberly Van Deventer, whereby it has been granted the exclusive and non-transferable right and license to use CGP’s property including and not limited to trademarks, intellectual property, URL’s and the use of the Property on packaging, promotional, and advertising material associated with the Business.

The license term is from October 5, 2015 and is not to exceed 12 months. Any extension of the term is to be mutually agreed upon by both parties. As part of the license the Company has been granted the option to purchase the property for a consideration of \$100,000 plus the issuance of 15,000,000 Class A common shares of the Company at the deemed price of \$0.02 from the Company.

This license agreement provides PreveCeutical with the exclusive rights to CELLB9™.

### **HEALTH & WELLNESS PRODUCTS UNDER DEVELOPMENT**

#### **CELLB9**

CELLB9 contains a natural compound extracted from the Caribbean Blue Scorpion Venom (*Rhopalurus Princeps*), which, in its original form, contains low molecular weight peptides, amino acids, proteins and 59 minerals. The extracted minerals are polarized by a patented methodology (#US 8,097,284 B2) to increase potency and binding preferences with abnormal cells. CellB9 has several paths of influence that affect abnormal cells.

One of the main components of CELLB9 is a 36 amino acid peptide, which at pH 7 has a high positive charge. It blocks small conductance chloride channels, and it also appears to bind preferentially to abnormal cells, leaving the healthy cells intact.

The solution is colorless and can be taken orally. Caribbean Blue Scorpion Venom has been used in over 40 countries for many years, with remarkable feedback from those who have experienced the product.

Until 2007, this natural medicine has only been available in Cuba. The licensor of CELLB9 holds through a trust the exclusive patent license, (United States patent # 8,097,284 B2) of the bioactive peptide and polarization technology used to make the Polarized Dilute Caribbean Blue Scorpion Venom. Studies show that the patented polarization technique (US Patent # 8097284 B2) increases the targeted delivery of the scorpion venom amplifying the effectiveness of CELLB9. PreveCeutical has the exclusive global license to the only known independent source of Caribbean Blue Scorpion Venom, based in the Dominican Republic, and has access to the world’s first scorpion reservation which has more than 85,000 scorpions over 50,000 square meters, with the potential to produce millions of doses of scorpion venom to meet global demand

Caribbean Blue Scorpion Venom has demonstrated promising results in human preclinical studies in 2012 at UCSD Moores Cancer Center, as well as human clinical observations. Results from UCSD also indicated that Caribbean Blue Scorpion Venom had significant synergy with traditional chemotherapy agents Cyclophosphamide, Fludarabine, Etoposide and others. Many Blue Scorpion Venom users have combined the product with chemotherapy, radiation, hormone therapy and other conventional treatments reporting encouraging results

## **PREVECEUTICAL MEDICAL INC.**

### **RESULTS OF OPERATION**

#### **Period ended December 31, 2015, and since incorporation October 2, 2015**

Between October 2, 2015 and October 10, 2015 the Company issued 17,000,000 “founders” shares for a total dollar value of \$1,700.

On October 5, 2016 the company interested into the licensing agreement with CGP as discussed above in Overview, and disclosed in Note 10 and 11 to the financial statements.

### **LIQUIDITY**

The Company does not currently derive any revenue from operations. Our activities have been funded through equity financing and we expect that we will continue to be able to utilize this source of financing until we develop cash flow from operations. There can be no assurance, however, that we will be successful in our efforts. If such funds are not available or other sources of financing cannot be obtained, then we will be forced to curtail our activities to a level for which funding is available or can be obtained.

As at December 31, 2015, we had a working capital deficiency of \$62,206, which included a nil cash balance.

### **CAPITAL RESOURCES**

As at December 31, 2015 we have no operations that generate cash flow and we are generally dependent on the placement of our common shares capital stock securities to raise capital.

Our objectives when managing capital are to:

- (a) Provide an adequate return to shareholders;
- (b) Provide adequate and efficient funding for operations;
- (c) Continue the development and commercialization of our owned and licensed products;
- (d) Support any expansion plans;
- (e) Allow flexibility for investment in other products and companies; and
- (f) Maintain a capital structure which optimizes the cost of capital at acceptable risk.

In the management of capital, we include all accounts included in shareholders’ equity. As at December 31, 2015, the Company had no bank indebtedness.

We are not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the fiscal year.

**PREVECEUTICAL MEDICAL INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD-ENDED DECEMBER 31, 2015

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**PREVECEUTICAL MEDICAL INC.**

**SELECTED QUARTERLY FINANCIAL INFORMATION**

**Financial results**

<b>Period Ended</b>	<b>Dec 31, 2015</b>
Revenues	NIL
Net Loss	123,006
Comprehensive Income (Loss) for the Period	123,006
Loss per Share	0.007

**Balance sheet data**

<b>Period Ended</b>	<b>Dec 31, 2015</b>
Cash	(16,208)
Total assets	35,002
Total Liabilities	97,208
Shareholders' equity(deficit)	(62,206)

**RELATED PARTY TRANSACTIONS**

For the period ending December 31, 2015, several directors of the Company supplied administrative services to the Company at arm's length rates:

(a) Management Services Agreements

Total fees of \$81,000 were paid or accrued to directors of the Company for administration services outside their capacity as a director.

(b) Due from Directors and Officers

\$7,000 in a short-term loan is due from Mrs. Kimberley Van Deventer; and a share subscription receivable of \$350 is due from Mrs. Kimberly Van Deventer and \$350 is due from Stephen Van Deventer.

Further details of these transactions are disclosed in Note 8 to the financial statements.

Additionally, Cornerstone Global Partners Inc. ("CGP") is a company owned by Mr. Stephen Van Deventer and Mrs. Kimberly Van Deventer, where Mr. Van Deventer is a Director & Officer and Ms. Van Deventer is a Director.

**OUTSTANDING SHARE DATA**

As of the date of this MD&A, we have 34,827,400 common shares issued and outstanding; nil share purchase warrants and nil share options convertible into common shares.

## **PREVECEUTICAL MEDICAL INC.**

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Details of Financial Instruments and Risk Management are disclosed in Note 4 to the financial statements.

### **RISKS AND UNCERTAINTIES**

We are in the health and wellness consumer product development business and as such are exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in market sentiment, foreign exchange and interest rates.
- b) The only sources of future funds for further product development and marketing which is presently available to us is the sale of equity capital or the offering by the Company of an interest in its products to be earned by another party carrying out further development marketing and sales. Management has been successful in accessing the equity markets during the year, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) Our intention is to make our products available for sale on a global basis. As such, our operations are subject to political risk due to political, economic, social and other uncertainties, including the risk of civil rebellion, nationalization, land ownership disputes, renegotiation or termination of existing and future contracts, permits or other agreement, changes in laws or taxation policies, currency exchange restrictions and changing political conditions.
- e) The continued operations of the Company require licenses from various parties and governmental authorities. There is no assurance that we will be successful in maintaining, or obtaining, the necessary licenses and permits to continue our development and commercialization activities in the future, or that our licenses will remain in force as granted.
- f) While management believes that control over bank accounts and our assets is adequate, we are also aware that internal control weaknesses exist in respect of a lack of segregation of duties, and a high risk of management override of controls and procedures. It is management's opinion that these weaknesses in internal controls over financial reporting are inherently related to the small size of the issuer.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on any forward-looking statements.

## **PREVECEUTICAL MEDICAL INC.**

### **SUBSEQUENT EVENTS**

On January 25, 2016, the Company exercised its option in the License Agreement with CGP, see Note 10 to the financial statements, issuing 15,000,000 Class A common shares at the deemed price of \$0.02 from the Company and paying the license fee under the License Agreement with CPG by agreeing to treat the \$100,000 license fee as a demand loan owing to CPG from February 1, 2016 and due on February 1, 2017 with an annual simple interest of 4%. As a result, the Company received the property under License Agreement as subscription proceeds deemed at \$300,000 and obtained the ownership of the property per License Agreement. On February 6, 2016 the Company amended the License Agreement with CGP documenting the exercise of the option and issuance of the demand loan.

On February 8, 2016, the Company entered into a license and distribution agreement whereas Medolife grants PreveCeutical an exclusive global license to a private label product to be sold, distributed and marketed under the PreveCeutical brand name.

On February 17, 2016, Chief Financial Officer Kimberly Van Deventer resigned from her position. She remains a Director of the Company. On February 17, 2016, the Company appointed Jeremy Wright to Chief Financial Officer and Director of the Company.

Between January 1, 2016 and the date of the financial statements, the Company issued 17,416,000 common share at a price of \$0.10 per share.

**SCHEDULE "C"**

**Unaudited *pro forma* financial statements for the Resulting Issuer**

See attached.



**Preveceutical Medical Inc.**  
(Resulting Issuer)

**Pro Forma Consolidated Financial Statements**

**For the year ended December 31, 2016**

(Expressed in Canadian Dollar)

**(Unaudited)**

**PREVECEUTICAL MEDICAL INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT AS DECEMBER 31, 2016**  
**(UNAUDITED - EXPRESSED IN CANADIAN**  
**DOLLARS)**

	Carrara Exploration Corp	PreveCeutical Medical Inc.	Pro Forma Transactions	Pro Forma Statement of Financial Position	Note Ref.
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$118,747	(\$47,036)	\$1,380,000	\$1,451,711	4(i)
Accounts receivable	0	897	0	897	
GST Receivable	13,097	27,603	0	40,700	
Inventory	0	59,861	0	59,861	
Prepays and deposits	0	16,652	0	16,652	
	131,844	57,977	1,380,000	1,569,821	
Exploration and evaluation asset	132,691	0	(132,691)	0	4(ii)
Capital assets	0	2,670	0	2,670	
	\$264,535	\$60,647	\$1,247,309	\$1,572,491	
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	17,678	189,565	80,000	287,243	4(iii)
Callable Debt	0	73,227	0	73,227	
Convertible Debt	0	11,293	0	11,293	
Government remittances payable	0	182,123	0	182,123	
	\$17,678	\$456,208	\$80,000	\$553,886	
<b>SHAREHOLDERS' EQUITY</b>					
Equity portion of convertible debt	0	3,232	0	3,232	
Share capital	480,349	2,851,430	1,380,000	6,424,881	4(i)
			(480,349)		4(iv)
			2,193,451		4(iv)
Contributed surplus	131,497	0	(131,497)	0	4(iv)
Deficit	(364,989)	(3,250,223)	(80,000)	(5,409,508)	4(iii)
			364,989		4(iv)
			(2,079,285)		4(iv)
	246,857	(395,561)	2,881,605	1,018,605	
<b>Total liabilities and shareholders' equity</b>	\$264,535	\$60,647	\$2,961,605	\$1,572,491	

See the accompanying notes to the unaudited pro forma consolidated financial statements

**PREVECEUTICAL MEDICAL INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDING DECEMBER 31, 2016**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Carrara Exploration Corp	PreveCeutical Medical Inc.	Pro Forma Transactions	Pro Forma Statement of operations	Note Ref.
<b>Revenue</b>	\$0	\$31,054	\$0	\$31,054	
<b>Cost of goods</b>	0	33,122	0	33,122	
<b>Gross Profit/(Loss)</b>	<b>\$0</b>	<b>(\$2,068)</b>	<b>\$0</b>	<b>(\$2,068)</b>	
<b>Expenses</b>					
Advertising and promotion	8,295	70,920	0	79,215	
Professional and management fees	101,639	240,513	0	342,152	
Consulting	28,500	447,090	0	475,590	
General and administrative expenses	32,644	338,480	0	371,124	
Rent and utilities	6,910	36,852	0	43,762	
Salaries and wages	0	401,651	0	401,651	
Stock-based compensation	46,916	1,186,975	0	1,233,891	
Amortization	0	481	0	481	
Loss from operations	<b>(224,904)</b>	<b>(2,725,030)</b>	<b>0</b>	<b>(2,949,934)</b>	
<b>Other Items</b>					
Exchange loss	0	2,187	0	2,187	
Costs related to proposed transaction – listing cost	0	0	80,000	2,159,285	4(iii)
			2,079,285		4(iv)
Impairment of intangible assets	0	400,000	0	400,000	
Exploration & evaluation assets discontinued	0	0	132,691	132,691	4(ii)
<b>Net loss</b>	<b>(\$224,904)</b>	<b>(\$3,127,217)</b>	<b>(\$2,291,976)</b>	<b>(\$5,644,097)</b>	
<b>Basic and Diluted Loss per common share</b>				<b>(0.1027)</b>	
<b>Weighted average number of common shares outstanding - basic and diluted</b>				<b>54,966,308</b>	5

See the accompanying notes to the unaudited pro forma consolidated financial statements

**PREVECEUTICAL MEDICAL INC.**  
**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

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**1. BASIS OF PRESENTATION**

The pro forma consolidated financial statements have been prepared for inclusion in the Information Circular.

The pro forma consolidated financial statements should be read in conjunction with the audited financial statements, and the unaudited interim financial statements and other information referred to in the Information Circular. It has been compiled from:

- a) The audited financial statement of PreveCeutical Medical Inc. ("PMI") for the year ending December 31, 2016.
- b) The unaudited financial statements of Carrara Exploration Corp. (Carrara) for the period ending January 31, 2017.

In the opinion of management, these pro forma consolidated financial statements include all the adjustments necessary for fair presentation of the proposed transaction in accordance with International Financial Reporting Standards (IFRS).

The pro forma consolidated financial statements are not necessarily indicative of the results of operations of financial position that may be obtained in the future.

**2. DESCRIPTION OF THE PROPOSED TRANSACTION**

On March 21, 2017, Carrara entered into an amalgamation agreement with a newly incorporated subsidiary of Carrara (Subco) and PMI will become a wholly owned subsidiary of Carrara by way of a three-cornered amalgamation. Pursuant to the terms of the amalgamation agreement, PMI and Subco will amalgamate and continue as a B.C. corporation which will be a wholly owned subsidiary of Carrara. Upon completion of the amalgamation, all of the issued and outstanding common shares in the capital of PMI held by the holders of the PMI shares will be cancelled, and Carrara will issue an equal number of common shares without par value in capital of Carrara to the PMI shareholders who will then control a majority of the issued and outstanding voting securities of Carrara. The amalgamation and the issuance of the Carrara shares to the PMI shareholders will constitute a reverse takeover of the company by PMI.

The Resulting Issuer, the corporation resulting from the completion of the Proposed Transaction, will be named "PreveCeutical Medical Inc." ("PMI") (or such other name as may be determined in the discretion of Carrara and PMI and is acceptable to the Exchange) and will carry on the business of PMI.

**3. ACCOUNTING POLICIES**

The accounting policies used in the preparation of these pro forma financial statements are consistent with those described in the audited financial statements of PMI for the year ended December 31, 2016, and the audited financial statements of Carrara for the year ended July 31, 2016.

**4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

This note should be read in conjunction with Note 1, Basis of Presentation and Note 2, Description of the Proposed Transaction. The unaudited pro forma consolidated financial statements have been compiled assuming the transaction occurred on December 31, 2016. The pro forma consolidated financial includes the following assumptions and adjustments:

**PREVECEUTICAL MEDICAL INC.**  
**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

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- (i) Carrara raises \$1,500,000 with a private placement issue of 3,000,000 common shares. \$120,000 (8% of gross proceeds) has been recorded for finders' fees which is the maximum that Carrara may pay to any finder of the aggregate gross proceeds of the Carrara Financing raised by such finder, which finder's fees shall be payable by Carrara, in its discretion, in cash, Units (one share and one warrant) or a combination of cash and Units.
- (ii) If the Proposed Transaction is approved by Carrara and PMI Shareholders, Carrara will terminate its option to acquire the Boomerang Property and will no longer be engaged in the business of mineral exploration and mineral property acquisition (see Carrara July 31, 2016 Audited Financial Statements for information on property option). The amount that has been expended to date for the property option (\$132,690) will be expensed.
- (iii) The estimated direct cost of \$80,000 for the transaction is expensed in the pro forma consolidated statement of operations as costs related to proposed transaction.
- (iv) Reverse take-over accounting  
The assets and liabilities of PMI are included in the pro forma consolidated statement of financial position at their respective carrying values as at December 31, 2016. The net assets of Carrara are included in the pro forma consolidated statement of financial position at their fair value as at January 31, 2017. The historical values of Carrara's share capital, contributed surplus and deficit are eliminated. The resulting issuer is deemed to have issued common shares to Carrara based on issue of one (1) new share for every three (3) old shares. The consideration is \$0.50 per share based on the value per unit of the non-brokered private placement by Carrara in conjunction with the Proposed Transaction.

The \$0.50 per Unit consists of one Carrara Share and one transferrable common share purchase warrant, with each warrant entitling the holder to purchase one Carrara Share at the exercise price of \$1.00 per Carrara Share for a period of 24 months after the date of issuance of the Unit.

The shares issued to Carrara are recorded as additional amounts in shareholders' equity and are set out as follows along with a summary of fair value of net identifiable assets acquired:

	<b>No. of Shares</b>	<b>Amount</b>
Consideration deemed to be issued:		
Carrara common shares deemed to be issued	4,386,901	2,193,451
Fair value of identifiable net assets acquired		
Current assets		131,844
Current liabilities		(17,678)
Costs related to proposed transaction – listing cost		2,079,285
		<u>2,193,451</u>

The number of shares included in the Carrara common shares deemed to be issued include:

	<b>Current Shares</b>	<b>Consolidated Shares (3 for 1)</b>
Approximate shares of existing shareholders	11,987,000	3,995,667
Carrara stock options	800,000	266,667
Carrara agent options	373,700	124,567
	<u>13,160,700</u>	<u>4,386,901</u>

**PREVECEUTICAL MEDICAL INC.**  
**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

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**5. PRO FORMA ISSUED SHARE CAPITAL**

Prior to the closing of the Proposed Transaction, Carrara is required to complete a consolidation of all of its issued and outstanding common shares without par value on the basis of three (3) old Carrara Shares for one (1) new Carrara Share.

At the date of the completion of the Proposed Transaction, Carrara will own the wholly-owned subsidiary, PreveCeutical Medical Holdings Inc. (formerly Subco). All of the issued and outstanding PMI shares will be cancelled and Carrara will issue an equal number of Carrara shares to the former PMI shareholders.

For the purpose of the unaudited pro forma financial statements, the loss per share has been calculated using the weighted average number of shares that would have been outstanding as at December 31, 2016 after giving effect to the Proposed Transaction and shares being issued on the date of the Proposed Transaction. This includes 3,000,000 shares issuable pursuant to the Carrara Financing.

	<b>Year Ended December 31, 2016</b>
Weighted average number of common shares - basic and diluted	48,966,308
<b>Pro forma weighted average common shares - basic and diluted</b>	<b>54,966,308</b>
Pro forma loss	(\$5,644,097)
Pro forma loss per share - basic and diluted	<b>(\$0.1027)</b>

**SCHEDULE "D"**

**Carrara Audit Committee Charter**

See attached.

**CARRARA EXPLORATION CORP.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**1. Mandate and Purpose of the Committee**

The Audit Committee (the "Committee") of the board of directors (the "Board") of Carrara Exploration Corp. (the "Company") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function;
- (f) consideration and approval of certain related party transactions; and
- (g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

**2. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

**3. Composition and Expertise**

The Committee shall be composed of a minimum of three members, each of whom is a director of the Company. The majority of the Committee's members must not be officers or employees of the Company or an affiliate of the Company.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next



annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chairman of the Committee. If the Chairman of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

#### **4. Meetings**

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chairman shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee who are not officers or employees of the Company or an affiliate of the Company shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Business may also be transacted by the unanimous written consent resolutions of the members of the Committee, which when so approved shall be deemed to be resolutions passed at a duly called and constituted meeting of the Committee.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

#### **5. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as

any guidelines recommended by regulators or the Canadian Securities Exchange and shall recommend changes to the Board thereon.

## **6. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

## **7. Duties and Responsibilities**

### **(a) Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, any auditor's report thereon, MD&A and related news releases, before they are published.

The Committee is also responsible for:

- (i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

### **(b) Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) **Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

(h) **Related Party Transactions**

All transactions between the Company and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (British Columbia), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Company require review and approval by the Committee. Related party transactions that are material to the Company or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

**8. Non-Audit Services**

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

**9. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chairman of the Audit Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

**10. Procedure For Reporting Of Fraud Or Control Weaknesses**

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of Company that the employee (the "whistleblower") has anonymous and direct access to the Chairman of the Audit Committee. Should a new Chairman be appointed prior to the updating of this document, the current Chairman will ensure that the whistleblower is able to reach the new Chairman in a timely manner. In the event that the Chairman of the Audit Committee cannot be reached, the whistleblower should contact the Chairman of the Board.

In addition, it is the policy of the Company that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

## **11. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

**SCHEDULE "E"**

**PMI Audit Committee Charter**

See attached.

AUDIT COMMITTEE CHARTER  
PREVECEUTICAL MEDICAL INC.

(the "**Corporation**")

**1. Purpose**

1.1. The audit committee of the Corporation (the "**Committee**") is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Committee's role is to:

- (a) support the Board of Directors in meeting its responsibilities to shareholders;
- (b) enhance the independence of the external auditor;
- (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and
- (d) increase the credibility and objectivity of the Corporation's financial reports and public disclosure.

1.2. The Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.

1.3. The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

**2. Membership**

2.1. Each member of the Committee must be a director of the Corporation.

2.2. The Committee will consist of at least three members, the majority of whom are neither officers nor employees nor control persons of the Corporation or any of its associates or affiliates in accordance with applicable corporate and securities laws and applicable stock exchange rules and policies.

2.3. Board of Directors, 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 of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

2.4. Unless the Board of Directors shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.

**3. Authority**

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

- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
- (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
- (c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.



3.2. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

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

4.1. 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 and related financial disclosure;

(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 fulfillment of its duties and responsibilities.

4.2. 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 engaged by the Corporation, and to verify the independence of such external auditors;

(b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

(c) to review the audit plan of the external auditors prior to the commencement of the audit;

(d) 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;

(e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and

(f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

4.3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:

(a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

(b) review and approve the internal audit plan; and

(c) review significant internal audit findings and recommendations, and management's response thereto.

4.4. 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 compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
- (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
- (d) 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.

4.5. The Committee is also charged with the responsibility to:

- (a) 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;
- (b) review and approve the financial sections of:
  - (i) the annual report to shareholders;
  - (ii) the annual information form;
  - (iii) annual and interim management's discussion and analysis;
  - (iv) prospectuses;
  - (v) news releases discussing financial results of the Corporation; and
  - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
- (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
- (d) 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;
- (e) review and report on the integrity of the Corporation's consolidated financial statements;
- (f) review the minutes of any Committee meeting of subsidiary companies;
- (g) 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;
- (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- (i) 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 following each annual general meeting of shareholders; and
- (j) evaluate, annually, the adequacy of this Charter and recommend any proposed changes to the Board.

## **5. Meetings**

5.1. The quorum for a meeting of the Committee is a majority of the members of the Committee who are not officers or employees of the Corporation or of an affiliate of the Corporation, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.

5.2. The members of the Committee may determine their own procedures.

5.3. The Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.

5.5. A member of the Committee or the external auditor may call a meeting of the Committee.

5.6. The Committee will meet separately with the President and separately with the Chief Financial Officer of the Corporation at least annually to review the financial affairs of the Corporation.

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

5.8. The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

## **6. Reports**

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

## **7. Minutes**

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



