

**NOTICE OF MEETING AND  
MANAGEMENT INFORMATION CIRCULAR  
FOR  
THE ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS OF  
CAPRICORN BUSINESS ACQUISITIONS INC.**

**To be held on February 14, 2017 at 10:00 A.M. (Toronto time)**

Dated January 10, 2017

## CAPRICORN BUSINESS ACQUISITIONS INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholders,

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of shareholders ("**Shareholders**") of Capricorn Business Acquisitions Inc. (the "**Corporation**") is to be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario, on February 14, 2017 at 10:00 a.m.

The Meeting is being held for the following purposes:

1. To receive the financial statements of the Corporation for the financial year ended April 30, 2016 and the auditors' report thereon;
2. To elect the directors of the Corporation for the ensuing year;
3. To re-appoint Collins Barrow Toronto, LLP, Chartered Accountants, as the auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration;
4. To consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the "**Consolidation Resolution**"), approving the consolidation (the "**Consolidation**") of the common shares of the Corporation on an up to 3 pre-consolidation shares for every 1 post-consolidation share (3:1) basis, or such lower ratio of pre-consolidation common shares to post-consolidation common shares as may be approved by the board of directors of the Corporation, as more particularly described in the accompanying Management Information Circular (the "**Circular**");
5. To consider and, if deemed advisable to pass, with or without variation, an ordinary resolution (the "**Financing Resolution**"), approving a private placement financing of up to \$300,000, being 6,000,000 post-Consolidation common shares of the Corporation at a price per share of \$0.05 (on a post-Consolidation basis), or such greater price as the Corporation may determine or as may be required by the policies of the TSX Venture Exchange, as more particularly described in the accompanying Circular;
6. If the Consolidation Resolution is passed, to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution authorizing the re-pricing of stock options granted to insiders of the Corporation to an exercise price per share equal to the greater of (a) \$0.10 per post-Consolidation share, and (b) the Discounted Market Price (as defined in the policies of the TSX Venture Exchange) on the date that is two trading days after the completion of the Consolidation, or such greater amount as may be determined by the Corporation upon request of the TSX Venture Exchange;
7. To consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving an amended and restated rolling stock option plan of the Corporation as more particularly described in the accompanying Circular; and
8. To transact any other business as may properly be brought before the Meeting or at any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular, which accompanies this Notice of Meeting and forms part hereof.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is January 10, 2017 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

All registered Shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors requests all Shareholders who will not be attending the Meeting in person to read, date and sign the accompanying proxy and deliver it to the Corporation's transfer agent and registrar, Computershare Trust Company of Canada at 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1. If a Shareholder does not deliver a proxy to Computershare Trust Company of Canada at least 48 hours (excluding Saturdays, Sundays or holidays) before the time fixed for the Meeting or any adjournment thereof, the Shareholder will not be entitled to vote at the Meeting by proxy. Only Shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting or any adjournment thereof.

A registered Shareholder who is unable to attend the Meeting in person and who wishes to ensure that such Shareholder's shares will be voted at the Meeting is requested to complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular.

Non-registered shareholders who receive the Meeting materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

If you have any questions that are not answered by the accompanying Circular or need any additional information, please contact your professional advisors. You may also contact the Corporation's registrar and transfer agent Computershare Trust Company of Canada at 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1 or call Computershare at 1-800-564-6253 should you have any questions with regard to voting your common shares of the Corporation. For any updated information relating to the Meeting and other information relating to the Corporation, please refer to the Corporation's public filings available on SEDAR at [www.sedar.com](http://www.sedar.com). Information contained in the accompanying Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith.

The participation of its shareholders is very important to the Corporation. Please ensure that the votes attached to your common shares will be exercised at the Meeting.

Toronto (Ontario)  
January 10, 2017.

***(S) Yvan Routhier***

Yvan Routhier, President and CEO

**CAPRICORN BUSINESS ACQUISITIONS INC.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**Dated January 10, 2017, except where otherwise noted**

**SOLICITATION OF PROXIES**

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Capricorn Business Acquisitions Inc. (the "Corporation" and/or "Capricorn") for use at the annual and special meeting (the "Meeting") of shareholders (the "Shareholders") to be held on February 14, 2017 at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario, at 10:00 a.m. (Toronto time) and at any adjournment thereof. Solicitation of proxies will be primarily by mail, but may also be carried out by directors, officers, employees or agents of the Corporation personally, in writing, by telephone or by fax. All cost thereof will be borne by the Corporation. Management of the Corporation has therefore prepared this Circular and has sent it to those shareholders who are entitled to receive a notice of meeting.

**SHAREHOLDERS ENTITLED TO VOTE**

Registered Shareholders as at the close of business on January 10, 2017 (the "Record Date"), or the person or persons they appoint as their proxies, are entitled to attend and vote on all matters that may properly come before the Meeting in respect of which their vote is required. Each Shareholder of record at the close of business on the Record Date will be entitled to one vote for each Common Share of the Corporation ("Common Share") held with respect to all matters proposed to come before the Meeting, or any adjournment or postponement thereof, and requiring a vote by Shareholders.

Registered Shareholders are entitled to vote at the Meeting, or any adjournment or postponement thereof, either in person or by proxy. Voting by proxy means that you are giving the person or persons named on your proxy form (your proxyholder) the authority to vote your Common Shares for you at the Meeting or any adjournment(s) or postponement(s) thereof.

**APPOINTMENT OF PROXIES AND REVOCATION OF PROXIES**

The individuals named in the enclosed form of proxy will represent management of the Corporation at the Meeting. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder), other than the persons designated in the accompanying form of proxy, to represent the Shareholder at the Meeting. Such right may be exercised by inserting the name of such person or company in the blank space provided in the proxy or by completing another proper form of proxy.** A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with Computershare Trust Company of Canada (100 University Ave (8th Floor), Toronto, Ontario M5J 2Y1) ("**Transfer Agent**") by 10:00 a.m. (Toronto Time) on Friday, February 10, 2017 or, if the Meeting is adjourned or postponed, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to any adjournment or postponement of the Meeting at which the proxy is to be used, or deliver it to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the commencement of the Meeting. A proxy should be executed by the registered Shareholder or its attorney duly authorized in writing or, if the registered Shareholder is a corporation, by an officer or attorney thereof duly authorized. Failure to properly complete or deposit a proxy may result in its invalidation.

A registered Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a registered Shareholder who has given a proxy attends the Meeting in person at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by an instrument in writing executed in the same manner as a proxy and deposited to the attention of the Chief Financial Officer of the Corporation at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and thereupon the proxy is revoked.

A registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

If you are not a registered Shareholder, please refer to the section below entitled "*Advice to Beneficial Holders of Common Shares*".

#### **ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES**

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold their Common Shares in their own name and thus are considered non-registered Shareholders (referred to as "**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to Shareholders by a broker then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker or another similar entity (an "**Intermediary**"). Common Shares held in the name of an Intermediary can only be voted by the Intermediary (for or against resolutions or withheld) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting shares.

##### ***If you are a Beneficial Shareholder:***

Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary. Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a form of proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation's form of proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting - the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend at the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder should enter their own names in the blank space on the form of proxy provided to them by their Intermediary and return the same to their Intermediary in accordance with the instructions provided by their Intermediary well in advance of the Meeting.**

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

Other than as described herein, the Corporation is not aware of: (i) any person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year; (ii) a nominee for election as a director of the Corporation at the Meeting; or (iii) any associate or affiliate of any such director or executive officer

or nominee, who 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 Meeting, other than:

- the election of directors and the approval of the Amended Plan;
- certain current directors (who are also nominees for election as directors at the Meeting) and certain former directors and officers of the Corporation have an interest in the Financing Resolution as they may participate in the Financing upon the same terms as all investors under the Financing. For a listing of such individuals and for details regarding the Financing, see the section entitled "Approval of the Financing"; and
- certain current directors (who are also nominees for election as directors at the Meeting) and certain former directors have an interest in the Option Repricing Resolution as their existing stock options will be repriced if such resolution is approved. For a listing of such individuals and for details regarding the Option Repricing Resolution, see the section entitled "Approval of the Repricing of Previously Granted Options".

#### **USE OF DISCRETIONARY POWER CONFERRED BY THE PROXIES**

Common Shares represented by proxies in favour of management nominees will be voted in accordance with the instructions of the Shareholder on any ballot that may be called for and, if a Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the shares represented by proxy shall be voted accordingly. **Where no choice is specified, the proxy will confer discretionary authority and will be voted FOR all matters proposed by management at the Meeting.** The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the notice with respect to this Meeting and with respect to any other matters which may properly come before the Meeting in such manner as the nominee in his judgment may determine. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

#### **QUORUM**

A quorum for the transaction of business at the Meeting is any two shareholders holding 10% of the Common Shares entitled to vote at a meeting of the shareholders of the Corporation, whether present in person or represented by proxy. The Corporation's list of Shareholders as of the Record Date has been used to deliver to Shareholders the Notice and this Circular as well as to determine who is eligible to vote.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized share capital of the Corporation consists of an unlimited number of common shares without par value. As at the date hereof, 7,394,400 Common Shares without par value were issued and outstanding. Each Common Share carries the right to one vote at any ballot taken at any meeting of the shareholders. Only shareholders of record of the Corporation at the close of business on the Record Date or their duly authorized agents are entitled to attend and vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying in excess of 10% of the voting rights attached to all outstanding Common Shares as at the date of this Circular.

#### **PARTICULARS OF MATTERS TO BE ACTED UPON**

##### ***FINANCIAL STATEMENTS***

The audited financial statements for the years ended April 30, 2016 and 2015, together with the auditors' report thereon, will be presented before the Meeting. The financial statements and auditors' report have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

##### ***ELECTION OF DIRECTORS***

The board of directors of the Corporation (the "**Board**") is currently composed of five directors: Yvan Routhier, Gerald Goldberg, Yisroel Weinreb; David Posner; and Alex Storcheus (the "**Current Directors**"). Shareholders are

being asked at the Meeting to pass an ordinary resolution to elect management's nominees, being the Current Directors, as directors to hold office until the next meeting of Shareholders held for the purpose of electing directors or until their successors are otherwise appointed (the "**Director Election Resolution**").

The following table sets out the names of management's nominees for election as directors, each nominee's province and country of residence, all positions with the Corporation that each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Corporation and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Circular.

<b>Name and Province of Residence</b>	<b>Other Offices held with the Corporation</b>	<b>Current Principal Occupation <sup>(1)</sup></b>	<b>Director since</b>	<b>Number of Common Shares Beneficially Owned or Controlled <sup>(2)</sup></b>
David Posner <sup>(3)</sup> Ontario, Canada	None	CEO and President, Nutritional High International Inc.	December 20, 2016	Nil
Gerald Goldberg <sup>(3)</sup> Ontario, Canada	None	Chartered Professional Accountant, Partner, Schwartz Levitsky Feldman LLP	May 7, 2008	125,000
Alex Storcheus Ontario, Canada	None	Senior Vice-President of Corporate Finance, Foundations Market Inc.	December 20, 2016	Nil
Yvan Routhier Quebec, Canada	President and CEO	Self-employed entrepreneur working on business start-ups	May 7, 2008	125,000
Yisroel (Sruli) Weinreb <sup>(3)</sup> Ontario, Canada	None	Founder and Managing Partner, Plaza Capital Limited President and CEO, Lake Central Air Services Inc. CEO, Findev Inc.	December 20, 2016	Nil

**Notes:**

- (1) The information as to principal occupation, business or employment of the respective nominees is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. For a full description of the principal occupations of the proposed nominees, see the section entitled "Biographies of Directors Nominees".
- (2) The information as to Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Corporation.
- (3) Member of the Audit Committee.

Management does not anticipate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. If any change should occur for any reason prior to the Meeting, the persons named in the enclosed proxy reserve the right to vote for another nominee of their choice, unless instructions were given to abstain from voting concerning the election of the directors.

**In the absence of instructions to the contrary, it is intended that Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the election as directors of the proposed nominees whose names are set forth above, each of whom has been a director since the date indicated opposite the proposed nominee's name.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR EACH OF THE NOMINEES WHOSE NAMES ARE LISTED ABOVE.**

Biographies for Director Nominees

The following is a brief biography of each of the director nominees.

David Posner, age 43

Mr. Posner has been the Chief Executive Officer and President at Nutritional High International Inc. (formerly, Sonoma Capital Inc.), a business focused on developing, acquiring and designing products and brands in the marijuana-infused edible products and oil extracts sectors for medical and adult recreational use, which has been listed on the Canadian Securities Exchange since July 7, 2014. He has been a director of The Tinley Beverage Company Inc., a company focused on hemp-infused beverages and supplements, since October 2, 2015. Mr. Posner is a director for Lakeside Minerals Inc., a business engaged in acquiring and exploring mineral properties in Quebec, since December 2016. From 2012 to April 2014, Mr. Posner served as an Acquisitions Manager for Stonegate Properties Inc. where he managed real estate properties and brokered deals in Canada and Oklahoma. Prior thereto, from 2005 to 2012, he was a Managing Director of sales and acquisitions for Maria Chiquita Development Company. From 2004 to 2007, he was a partner in a private investment group involved in the acquisition, re-zoning and re-positioning for sale of land holdings in Costa Rica and Panama. Mr. Posner received his Bachelor of Arts from York University in 2005 and his Ontario Real Estate License in 2002.

Gerald Goldberg

Gerry Goldberg is a Chartered Professional Accountant and is a Senior Partner in the accounting firm of Schwartz Levitsky Feldman LLP, in Toronto. Mr. Goldberg has over 30 years' experience and heads the public company audit division of Schwartz Levitsky Feldman LLP and has industry expertise in the service, distribution, retail, mining, natural resources and oil & gas, real estate, "not-for-profit" entities and manufacturing industries with a strong emphasis in taxation and business advisory services. He is also active in corporate finance and development and was involved in the structure and design of numerous innovative financing instruments, tax shelters and syndications, both in Canada and the US. He is actively involved with the audit of various public Canadian, US, Chinese and other foreign companies listed in the US and Canada. He is or was an independent Director, Chairman and member of the audit committee, both of numerous public companies, non-profit, educational and other institutions, organizations and companies. He has also been involved with and managed independent investigations on behalf of audit committees in respect of the breakdown of corporate governance and dealing with regulatory complaints, compliance and other proceedings. Mr. Goldberg holds the designation of C.T.A. University of South Africa and is a member of the Institute of Chartered Accountants of Ontario and the Public Accountants Council of Ontario. Mr. Goldberg previously was a Partner in Grant Thornton and its predecessor firms for over 15 years.

Alex Storcheus, age 27

Mr. Storcheus has worked in corporate finance for Foundation Markets Inc, a private merchant bank based in Toronto, since 2010, most recently in the position of Vice President – Corporate Finance. In such role, he been involved in various financial and strategic advisory activities in the small-cap space including M&A and going public transactions. He has worked on projects in a variety of sectors including mining, oil and gas, media, technology and alternative energy. Prior to joining Foundation Markets Inc., he worked at the Department of National Defense with the Government of Canada as a Civilian Instructor. Alex received a Bachelor of Business Administration degree from the Schulich School of Business at York University with concentration in finance in 2011 and is a CFA Charterholder.

Yvan Routhier, 52

Mr. Routhier is currently a self-employed entrepreneur and working on two business start-ups in the technology and financial service industry. From November 2005 to April 2015, he was co-owner and manager of Deltapac Packaging Inc., a Montreal-based manufacturer of plastic bottles and jars. Prior to this, Mr. Routhier was Vice-President, Business Development at GE Capital from 2000 through 2003 and has held a number of Account Manager positions at National Bank of Canada, Banque Nationale de Paris, and Bank of Montreal. Mr. Routhier was awarded a Baccalaureate in Business Administration at Laval University in 1987 and an MBA at McGill University in 1997.

Yisroel (Sruli) Weinreb, age 36

Mr. Weinreb is the founder and managing partner (since 2013) of Plaza Capital Limited. Plaza Capital Limited supports North American early stage growth companies with strategic debt placements and equity investments. In addition, since September 2015, he has been the Chief Executive Officer of Lake Central Air Services Inc., a modification and integration partner for the airborne geophysical survey industry, and since September 2016, he has

been Chief Executive Officer of Findev Inc., a company that was formerly focused on the digital distribution of games for Smart TVs, next-generation set-top boxes and over-the-top devices, and is currently undergoing a proposed change of business to that of lending to, investing in and financing real estate transactions. Before founding Plaza Capital Limited in 2013, Mr. Weinreb was the CEO of eMobile Inc., a telecom arbitrage company with a specialization in international roaming which he co-founded in 2008. His entry into tech investments and finance was preceded by an extended period of academic immersion with a concentration in Judaic Theology. He received his bachelor of Talmudic Law from Shar Hatorah in New York in 2001. He received his doctorate ordination in Jerusalem in 2005 and worked in community outreach in Houston, TX between 2005 and 2008.

#### Orders, Penalties and Bankruptcies

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

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority. Nor has any proposed director ever entered into a settlement agreement with a securities regulatory authority.

##### **Corporate Cease Trade Orders**

Other than as disclosed below, no proposed director of the Corporation has, within the ten (10) years prior to the date of this Circular, been a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of: (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the company access to any exemption under securities legislation, in each case that was in effect for a period of more than thirty (30) consecutive days.

Although Sonoma Capital Inc. ("**Sonoma**") was never listed on any exchange, in December 2007, Sonoma was issued a Cease Trade Order for failure to file its annual audited financial statements for the year ended July 31, 2007, which Cease Trade Order was extended in January 2008. Yvan Routhier was secretary of Sonoma from July 19, 2004 to June 8<sup>th</sup>, 2010 and was a director of Sonoma from July 19, 2004 to August 24, 2011. In furtherance of the cease trade order extension issued on January 3, 2008, the order was then revoked on August 26, 2010.

##### **Bankruptcies**

Other than as disclosed below, no proposed director of the Corporation has, within the ten (10) years prior to the date of this Circular, been a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

##### **Personal Bankruptcies**

No proposed director of the Corporation has, within the ten (10) years preceding the date of this 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 individual.

#### ***APPOINTMENT OF AUDITORS***

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the re-appointment of Collins Barrow Toronto LLP, Chartered Accountants, as auditors of the Corporation until the next annual meeting of the Shareholders at a remuneration to be fixed by the Board of Directors. A majority of votes cast in favour of this resolution by Shareholders present in person or by proxy at the Meeting is sufficient to pass this resolution.** Collins Barrow Toronto LLP have been acting as auditors of the Corporation since December 29, 2009.

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE THIS RESOLUTION.**

## ***APPROVAL OF THE CONSOLIDATION OF THE COMMON SHARES OF THE CORPORATION***

The Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution, the full text of which is set out below (the "**Consolidation Resolution**"), authorizing the Board, in its sole discretion, to amend the Articles of the Corporation to consolidate the Common Shares on the basis of a ratio of up to 3 pre-consolidation common shares for 1 post-consolidation common share (3:1) or such lower ratio of pre-consolidation common shares to post-consolidation common shares as may be approved by the board of directors of the Corporation (the "**Consolidation**").

As of the date of this Circular, the Corporation had 7,394,400 Common Shares and 739,438 options issued and outstanding. Upon completion of the Consolidation, and prior to giving effect to the Financing (as described below under the section entitled "Approval of the Financing"), the Corporation will have 2,464,800 post-Consolidation Common Shares and 246,479 post-Consolidation options issued and outstanding.

The current Board of Directors of Capricorn believes that the Consolidation is advisable in order to facilitate the Financing and to allow Capricorn to continue its business of seeking, negotiating and completing a qualifying transaction. If the Shareholders do not approve the Consolidation Resolution, the Financing may not proceed on the terms currently proposed, or at all.

The Consolidation is subject to regulatory approval, including approval of the TSX Venture Exchange (the "**TSXV**") or the NEX board of the Toronto Stock Exchange ("**NEX**") as may be required. As a condition to the approval of the Consolidation, the TSXV or the NEX may require, among other things, that Capricorn continues to meet the TSXV's or the NEX's "Initial Listing Requirements" after the Consolidation. In order for the Corporation to continue to meet the applicable Initial Listing Requirements, the Corporation must have at least 150 "public shareholders" (as defined under TSXV policies) holding a certain minimum number of Common Shares, each free of "resale restrictions" (as defined under TSXV policies), after completion of the Consolidation.

### **No Fractional Interests**

In the event that the Consolidation would otherwise result in the issuance of a fractional share, no fractional share will be issued and such fraction will be rounded up to the nearest whole number if 0.5 or greater and down to the nearest whole number if less than 0.5. Because no fractional common shares (or payment in lieu) will be issued as a result of the Consolidation, if a Shareholder does not hold a sufficient number of pre-Consolidation common shares to receive at least one post-Consolidation common share, that Shareholder will have no further interest in the Corporation upon completion of the Consolidation. If a Shareholder wants to hold common shares after the Consolidation, that Shareholder should consider either purchasing a sufficient number of common shares so as to hold at least a number of common shares in the Shareholder's account prior to the Consolidation that would entitle the Shareholder to receive at least one post-Consolidation common share or, if applicable, consolidate the Shareholder's accounts prior to the Consolidation so that the Shareholder has at least a number of Common Shares in one account prior to the Consolidation that would entitle the Shareholder to at least one post-Consolidation common share.

### **Risks of the Consolidation**

There can be no assurance that the trading price of the Corporation's common shares will increase as a result of the Share Consolidation or will not decrease in the future to below pre-consolidation levels. Furthermore, the reduced number of common shares resulting from the Share Consolidation could adversely affect their liquidity. Shareholders who do not hold a sufficient number of the Corporation's common shares to receive at least one post consolidation common share will not have a continuing interest in the Corporation upon completion of the Share Consolidation (or receive any payment in lieu).

### **Letter of Transmittal and Exchange of Share Certificates**

*Shareholders will have received with this Circular a Letter of Transmittal.* If the Consolidation is approved by Shareholders and implemented by the Board, the registered holders of the Common Shares will be required to exchange the share certificates representing their pre-Consolidation common shares for new share certificates representing the post-Consolidation common shares to which they are entitled. A Letter of Transmittal accompanies this Circular and is being sent by the Corporation's transfer agent, Computershare Investors Services Inc., to each of the Corporation's registered shareholders. The Letter of Transmittal contains instructions on how to surrender common share certificates representing pre-Consolidation common shares to Computershare Investors Services Inc. should the Consolidation be approved at the Meeting and implemented. Computershare Investors Services Inc. will

then forward to each registered Shareholder who has sent the required documents a new share certificate representing the number of post-Consolidation common shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-Consolidation common shares will be deemed for all purposes to represent the number of whole post-Consolidation common shares to which the holder is entitled as a result of the Consolidation. Shareholders should not destroy any share certificates and should not submit any share certificates until such time, if any, that the Consolidation is completed. The Corporation will publicly announce if and when the Consolidation is implemented.

The Letter of Transmittal is for use by registered Shareholders only. In order to receive certificates representing post-Consolidation share if the Consolidation is implemented, a registered Shareholder must complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein and in this Circular. The Letter of Transmittal is also available on SEDAR at [www.sedar.com](http://www.sedar.com). The Letter of Transmittal contains instructions and should be reviewed carefully. Non-registered shareholders holding Common Shares that are registered in the name of a broker or other intermediary must contact their intermediary to arrange for the surrender of their Common Shares.

### **Resolution for Approval of the Consolidation**

The complete text of the Consolidation Resolution that management intends to place before the Meeting authorizing the Consolidation is as follows:

"BE IT HEREBY RESOLVED as a special resolution of the Corporation that:

- (i) the consolidation of the common shares of the Corporation on the basis of a ratio of up to three (3) pre-consolidation common shares for every one (1) post-consolidation common share (3:1), or such lower ratio of pre-consolidation common shares to post-consolidation common shares as may be approved by the board of directors of the Corporation, is hereby approved;
- (ii) in the event that a consolidation would otherwise result in the issuance of a fractional share, no fractional share will be issued and such fraction will be rounded up to the nearest whole number if 0.5 or greater and down to the nearest whole number if less than 0.5;
- (iii) any one director or officer is hereby authorized to send to the Director appointed under the *Business Corporations Act* (Ontario), Articles of Amendment of the Corporation in the prescribed form, and any one director or officer is hereby authorized to prepare, execute and file Articles of Amendment in the prescribed form in order to give effect to this special resolution, and to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this special resolution; and
- (iv) notwithstanding approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, abandon the consolidation and any or all of the actions authorized by this special resolution at any time prior to completion thereof without further approval of or notice to the shareholders of the Corporation."

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the Consolidation Resolution. The Consolidation Resolution must be approved by at least a special majority, being not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE CONSOLIDATION RESOLUTION.**

Notwithstanding its approval, the Consolidation Resolution authorizes the Board, without further notice to or approval of the Shareholders, to elect to not proceed with the Consolidation.

### ***APPROVAL OF THE FINANCING***

The shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set out below (the "**Financing Resolution**"), approving a private placement financing of up to \$300,000, being the issuance of up to 6,000,000 post-Consolidation common shares of the Corporation (the "**Financing Shares**") at a price per share of \$0.05 (on a post-Consolidation basis), or such greater price as the Corporation may determine or as may be required by the policies of the TSXV (the "**Financing**").

The Corporation has limited resources remaining to cover ongoing expenses associated with its continuous disclosure obligations and to cover the expenses associated with achieving its corporate objectives and increase shareholder value, which as a CPC, means identifying and completing a "Qualifying Transaction". As such, the board of directors has approved the Financing, subject to TSXV approval (as required), NEX approval (as required) and shareholder approval (as required).

The net proceeds from the Financing will be used for the purposes mentioned previously, as well to pay down the principal and interest on a \$45,000 loan owing by the Corporation. On December 16, 2016, the Company borrowed an aggregate of \$45,000 (the "**Loan**") from three lenders. The principal amount of the Loan bears interest at 12% per annum. The Loan has a term expiring on the earlier of (i) six (6) months from the date of advance and (ii) the date of completion of an equity financing by the Corporation of a minimum of \$300,000. The Loan has been used, among other things, to cover the expenses associated with the Meeting, complying with the Corporation's reporting and disclosure obligations, and for working capital purposes.

Assuming (i) the Consolidation is completed on a 3:1 basis, (ii) the Financing is priced at \$0.05 per post-Consolidation common share of the Corporation, and (iii) the maximum offering of \$300,000 is achieved, the Financing will result in:

- the issuance of 6,000,000 Financing Shares for gross proceeds of \$300,000; and
- a total of 8,464,800 post-Consolidation common shares of the Corporation issued and outstanding, with existing Shareholders as of the Record Date holding 2,464,800, or 29%, of the total issued and outstanding post-Consolidation common shares and the investors under the Financing holding 6,000,000, or 71%, of the total issued and outstanding post-Consolidation common shares, all on a non-diluted basis.

The Financing is expected to be completed on a non-brokered basis; however, if the Corporation deems necessary, and subject to the approval of the board of directors of the Corporation and the TSXV and NEX (as required), the Corporation may provide finders fees, payable in cash or equity, to finders who are permitted to receive such fees under applicable securities laws. No such finders have been identified as of the date of this Circular.

The Corporation is seeking Shareholder approval for the Financing for the following purpose. The TSXV policies permit an exercise price for private placements at the Discounted Market Price (as such term is defined in the TSXV policies), subject to a minimum price of \$0.05. As of the date of this Circular, the last trade price of the Common Shares occurred on February 9, 2012 at \$0.035, which, on a post-Consolidation basis (assuming a 3:1 ratio), will be \$0.105. Assuming this last trade price is taken as the Market Price (as such term is defined in the TSXV policies), applying the maximum discount permitted by the TSXV, the Discounted Market Price would be \$0.0788. However, given that the Common Shares have had limited to no trading in many years, the Corporation believes that the last trade price is not an adequate determination of the Market Price and has determined that the Financing should be priced at a deemed Market Price of \$0.05, on a post-Consolidation basis, subject to TSXV approval. The TSXV may not permit the Corporation to use a deemed Market Price of \$0.05 and may require the Corporation to use the actual Market Price, being the last trade prior to the announcement of the Financing; however, the Corporation intends to make further application to the TSXV to permit use of such a deemed Market Price on the grounds that Shareholder approval has been received at the Meeting in the manner provided below.

The complete text of the Financing Resolution that management intends to place before the Meeting authorizing the Financing is as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that, subject to the approval of the TSX Venture Exchange and the NEX, in each case, as required:

- (i) the Corporation shall be, and is hereby, authorized to issue by private placement (the "**Financing**") up to \$300,000 of post-Consolidation (as such term is defined in the Management Information Circular of the Corporation dated January 10, 2017) common

shares of the Corporation at a post-Consolidation price of \$0.05 (resulting in the issuance of up to 6,000,000 post-Consolidation common shares of the Corporation), or such greater price per share as the board of directors of the Corporation may determine or as may be required by the policies of the TSX Venture Exchange and on such other terms as the board of directors of the Corporation may determine to be necessary or desirable;

- (ii) any one director or officer be and is hereby authorized to negotiate, execute and deliver all such deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this ordinary resolution, including settling the form of subscription agreement; and
- (iii) notwithstanding approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke or abandon the Financing and any or all of the actions authorized by this ordinary resolution at any time prior to completion thereof without further approval of or notice to the shareholders of the Corporation."

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the Financing Resolution.**

**The Financing Resolution must be approved by at least a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. In addition, in order to facilitate the seeking of TSXV approval to permit a deemed Market Price of \$0.05 (on a post-Consolidation basis) for the shares to be issued under the Private Placement, the Corporation is also seeking a Majority of the Minority Approval (as hereafter defined) for the Financing Resolution. "Majority of the Minority Approval" means the approval of the Financing Resolution by the majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting, other than Non-Arm's Length Parties to the Corporation (as hereafter defined). A "Non-Arm's Length Party" means, in relation to the Corporation, (i) a Promoter, officer, director, other Insider (as such term is defined in the policies of the TSXV) or Control Person (as such term is defined in the policies of the TSXV) of the Corporation and any Associates or Affiliates (as such terms are defined in the *Securities Act* (Ontario)) of any such persons; or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Corporation. As of the date hereof, management of the Corporation expects that 300,000 pre-Consolidation Common Shares will be excluded from voting on each matter requiring Majority of the Minority Approval, as follows:**

<b>Non-Arm's Length Parties</b>	<b>Number of Common Shares</b>
Gerald Goldberg (director)	125,000
Gary Hokkanen (CFO)	150,000
Yvan Routhier (director and President)	125,000
<b>Total Number of Common Shares</b>	<b>300,000</b>

**Furthermore, the current directors (who are also nominees for election as directors at the Meeting) and current officers of the Corporation have an interest in the Financing Resolution as they may participate in the Financing upon the same terms as all investors under the Financing. The amounts in which they will subscribe are not known at this time; however, in order to meet TSXV requirements, it is expected that each of Messrs. Posner, Storcheus and Weinreb will subscribe for a minimum of \$5,000 worth of Financing Shares under the Financing. The following former directors of the Corporation may participate in the Financing upon the same terms as all investors under the Financing: Gary Hokkanen, Stasis Rizas, Norman Goldman and Julio DiGirolamo.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE FINANCING RESOLUTION.**

Notwithstanding its approval, the Financing Resolution authorizes the Board, without further notice to or approval of the Shareholders, to elect not to proceed with the Financing.

The completion of the proposed Financing is subject to, among other things, the satisfaction of any closing conditions contained in the subscription agreements in respect to the Financing, the receipt of shareholder approval (if and as required) and the approval of the TSXV, which approvals and conditions may not be obtained or completed. As such, the Financing may not occur.

#### ***APPROVAL OF THE REPRICING OF PREVIOUSLY GRANTED OPTIONS***

The Corporation currently has 739,438 Options outstanding, exercisable at \$0.05 per Common Share for a period expiring on February 27, 2020.

Based on the lack of historical trading of the Common Shares, which trading has been suspended on the NEX since March 12, 2012, the last trading price of the Common Shares as of the date hereof (being \$0.035), is considerably below the exercise price of the Options. Assuming the last trade price remains at \$0.035 leading up to the time the Consolidation (assuming a 3:1 ratio) is put into effect, the post-Consolidation exercise price of the Options, being \$0.15, will remain significantly higher than the last trade price of the Common Shares after the Consolidation, being \$0.105. As such, the Options no longer serve to reward the prior contribution to the Corporation made by the holders of the Options and have little or no value or incentive for the holders of the Options, defeating the purpose of their issuance. In order to reward prior contribution, as well as to maintain a strong incentive for the Corporation's directors and officers to continue their efforts to bring success to the Corporation, and to recognize the decreased price per Common Share, the Board has approved the re-pricing of stock options granted by the Corporation as set out in the table below, subject to the approval of the TSXV and receipt of disinterested Shareholder approval.

In order to be approved, the policies of the TSXV require that the repricing be approved by a majority of the votes cast by all Shareholders at the Meeting, excluding votes attaching to Shares beneficially owned by (i) Insiders (as defined herein) or former Insiders who hold options that are subject to the decrease in exercise price; and (ii) associates such persons who hold options that are subject to the decrease in exercise price. The Shareholders that will be permitted to vote with respect to the repricing of the options are referred to herein as "Disinterested Shareholders". The term "Insider" means any director or senior officer of the Company, any director or senior officer of a company that is an Insider or subsidiary of the Company and any person that beneficially owns or controls, directly or indirectly, more than 10% of the Shares.

The following table sets forth the outstanding stock options held by current and former directors and officers of the Corporation that will be subject to the repricing of the exercise price of the stock options:

<b>Name and Position</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiry date</b>
Yvan Routhier <i>Director, President and CEO</i>	166,374	0.05	February 27, 2020
Gerald Goldberg <i>Director</i>	110,915	0.05	February 27, 2020
Gary Hokkanen <i>CFO and Secretary Former Director</i> <sup>(1)</sup>	184,859	0.05	February 27, 2020
Julio DiGirolamo <i>Former Director</i> <sup>(1)</sup>	46,215	0.05	February 27, 2020 <sup>(1)</sup>
Norman Goldman <i>Former Director</i> <sup>(1)</sup>	46,215	0.05	February 27, 2020 <sup>(1)</sup>
Statis Rizas <i>Former Director</i> <sup>(1)</sup>	184,860	0.05	February 27, 2020 <sup>(1)</sup>

<b>TOTAL</b>	<b>739,438</b>		
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**Notes:**

- (1) Resigned as a director of the Corporation on December 20, 2016. As per the stock option plan of the Corporation, the Options granted to any optionee while the Corporation is a CPC that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (as defined in the policies of the TSXV), have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction (as defined in the policies of the TSXV) and 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer

None of the persons set forth in the table above will be eligible to vote on any resolution with respect to the repricing of the stock options.

**Resolution for Approval of the Repricing of Stock Options if Consolidation is Approved**

If the Consolidation is approved at the Meeting, the disinterested shareholders (as described below) will be asked to approve an ordinary resolution (the "**Option Repricing Resolution**") approving the re-pricing (the "**Repricing**") of the stock options granted to the directors and officers of the Corporation set forth in the table above, from the exercise prices set forth above to an exercise price that is equal to the greater of (i) \$0.10 per share (which is the minimum exercise price permitted by the policies of the TSXV), and (ii) the Discounted Market Price (as defined in the policies of the TSXV) on the date that is two trading days after the completion of the Consolidation, or such greater amount as may be determined by the Corporation upon request of the TSXV.

Accordingly, at the Meeting, in the event that the Consolidation Resolution is approved, disinterested Shareholders (as explained below) will be asked to pass an ordinary resolution. The complete text of the Option Repricing Resolution that management intends to place before the Meeting authorizing the Repricing is as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that, subject to the approval of the TSX Venture Exchange ("**TSXV**") and NEX, in each case as required, and subject to the approval of a consolidation (the "**Consolidation**") of the common shares of the Corporation on an up to 3 pre-Consolidation shares for every 1 post-Consolidation share (3:1) basis:

- (i) the 739,438 stock options outstanding on a pre-Consolidation basis previously granted to directors and officers with an exercise price of \$0.05 per pre-Consolidation share be repriced to an exercise price per share that is equal to the greater of: (i) \$0.10 per post-Consolidation share, and (b) the Discounted Market Price (as defined in the policies of the TSXV) on the date that is two trading days after the completion of the Consolidation, or such greater amount as may be determined by the Corporation upon request of the TSXV, all as more particularly described in the Corporation's management information circular dated January 10, 2017 (the "**Repricing**");
- (ii) any one director or officer be and is hereby authorized to negotiate, execute and deliver all such deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this ordinary resolution; and
- (iii) notwithstanding approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke or abandon the Repricing and any or all of the actions authorized by this ordinary resolution at any time prior to completion thereof without further approval of or notice to the shareholders of the Corporation."

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the Option Repricing Resolution.**

**The Option Repricing Resolution must be approved by at least: (i) a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting; and, and in accordance with TSXV requirements, (ii) a majority of the votes cast by disinterested shareholders present in person or by proxy at the Meeting (as hereafter defined). "Disinterested shareholder" approval means the approval of the Option Repricing Resolution by a majority of the votes cast on the resolution by the Shareholders present in person or represented by proxy at the Meeting, excluding the votes attached to shares beneficially owned by Insiders**

(as such terms is defined under the policies of the TSXV) and former Insiders who hold options and their respective Associates (as such term is defined in the *Securities Act (Ontario)*). Based on the present shareholdings of the Insiders and the former Insiders whose options are being re-priced and their respective Associates as known to the Corporation, as of the date hereof, management of the Corporation expects that 750,000 Common Shares will be excluded from voting on the Option Repricing Resolution, as follows:

Insiders	Number of Common Shares
Gerald Goldberg	125,000
Norman L. Goldman	50,000
Gary Hokkanen	150,000
Statis Rizas	250,000
Yvan Routhier	125,000
Julio Digirolamo	50,000
<b>Total Number of Common Shares</b>	<b>750,000</b>

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE OPTION REPRICING RESOLUTION.**

Notwithstanding its approval, the Option Repricing Resolution authorizes the Board, without further notice to or approval of the Shareholders, to elect to not proceed with the Repricing.

If the Option Repricing Resolution is not approved by disinterested shareholders at the Meeting or the Board elects not to proceed with the Repricing, the Options issued to the individuals noted above will remain at an exercise price of \$0.05 per pre-Consolidation share.

***APPROVAL OF THE AMENDED PLAN***

At the Meeting, Shareholders will be asked to vote for the adoption of an amended and restated stock option plan (the "**Amended Plan**"), which amends and restates the Corporation's existing stock option plan (the "**Existing Plan**") as described below, and to approve all unallocated options.

The Existing Plan was last approved by the Shareholders at the shareholders meeting held on May 30, 2012. The full text of the Existing Plan is attached to the management information circular of the Corporation dated May 3, 2012 which is available on SEDAR at [ww.sedar.com](http://ww.sedar.com).

The Corporation proposes to adopt the Amended Plan primarily as the Amended Plan provides more clarity as to the limitations that apply to a CPC issuing options, yet is flexible enough to allow the Amended Plan to continue to be effective and in compliance with the TSXV policies after completing a Qualifying Transaction. In addition, there have been certain regulatory developments that have not been addressed in the Existing Plan. There are also certain housekeeping matters addressed by the Amended Plan. In light of the foregoing, on January 10, 2017, the Board of Directors approved the Amended Plan, subject to the receipt of shareholder and regulatory approvals.

The Amended Plan, like the Existing Plan, is a rolling stock option plan, where the maximum number of Common Shares issuable pursuant to such plan may not exceed 10% of the issued and outstanding common shares of the Corporation as at the date of grant (on a non-diluted basis). As at the date of this Circular, the total number of Common Shares reserved under the Existing Plan was 739,440 and there were 739,438 options outstanding to buy Common Shares, representing approximately 10% of the total Common Shares. If the Amended Plan is approved by the Shareholders at the Meeting, the total number of Common Shares reserved under the Amended Plan and the number of Common Shares available for future stock option awards under the Amended Plan will remain unchanged.

Pursuant to the rules of the TSXV, all unallocated options, rights or other entitlements under a security based compensation arrangement that does not have a fixed maximum number of securities issuable, such as the Amended

Plan, must be re-approved by a majority of the directors and the Shareholders every year. Accordingly, the Amended Plan, which does not have a fixed maximum number of securities issuable thereunder, will be submitted to the shareholders for approval every year after the Meeting.

Any existing stock options (the "**Existing Options**") granted pursuant to the Existing Plan that are issued and outstanding will become subject to and governed exclusively by the terms of the Amended Plan, except that the vesting provisions and expiry dates of the Existing Options will remain in effect, unamended unless amended by further action of the Board of Directors pursuant to the terms of the Amended Plan. The Existing Options are being repriced, subject to regulatory and shareholder approval, as per the Option Repricing Resolution (see above under "Approval of the Repricing of Previously Granted Options").

The full text of the proposed Amended Plan is attached to this Circular as Schedule "A". The summary of the Amended Plan set forth below is subject to and qualified in its entirety by the provisions of such plan. Reference should be made to the provisions of the Amended Plan with respect to any particular provision described below. The Amended Plan is subject to any changes required by the TSXV.

### **The Principal Differences between the Existing Plan and the Amended Plan**

If the Amended Plan is approved by the Shareholders, such plan would effect certain changes to the Existing Plan of a general administrative or housekeeping nature. The Amended Plan would also amend the Existing Plan in certain other respects, including the following:

- The Amended Plan sets out the additional limitations regarding stock option issuances while the Corporation is a CPC, which limitations are as provided by the policies of the TSXV. See below under "Summary of the Amended Plan" for further details.
- The Amended Plan provides for a limited extension for Options expiring during or shortly after a blackout period. The Existing Plan does not contemplate such an extension. See below under "Summary of the Amended Plan" for further details.
- The Amended Plan provides that, if the Corporation is required under the *Income Tax Act* (Canada) or other applicable law to make source deductions in respect of employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of Options, then the optionee shall: (i) pay to the Corporation, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance; (ii) authorize the Corporation, on behalf of the optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Common Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance. The Existing Plan does not contain any provisions regarding source deductions and tax remittance with respect to Options.
- The Amended Plan expressly specifies the amendments that the Board is permitted to make without shareholder approval, and the amendments that require shareholder approval. See below under "Summary of the Amended Plan" for further details.
- The policies of the TSXV permit options to be exercisable for a period not exceeding ten years. The Existing Plan provides that no Options shall be exercisable for a period exceeding five years unless the Corporation receives permission of the relevant exchange, and in any event, such period shall not exceed ten years. Since TSXV permission is not explicitly required under TSXV policies for a term of up to ten years, the Amended Plan includes clearer language indicating that the term of Options shall be a period of time fixed by the Board, not to exceed ten years from the date of grant.

### **Summary of the Amended Plan**

The purpose of the Amended Plan, as with the Existing Plan, pursuant to which the Corporation may grant incentive stock options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Amended Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. The Amended Plan is administered by the Board or such committee designated by the Board to administer the Amended Plan.

The Amended Plan, like the Existing Plan, is a rolling stock option plan, where the maximum number of Common Shares issuable pursuant to such plan may not exceed 10% of the issued and outstanding common shares of the Corporation as at the date of grant (on a non-diluted basis). As is the case under the Existing Plan, under the Amended Plan, Options that expire unexercised or are otherwise cancelled will be returned to the Amended Plan and may be made available for future option grant pursuant to the provisions of the Amended Plan. The eligible participants under the Amended Plan, like the Existing Plan, remain directors, officers, employees, and consultants of the Corporation and any subsidiary of the Corporation (referred to as "Participants" under the Amended Plan).

Pursuant to the Amended Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant.

Options may be exercisable for a period of up to 10 years, such period to be determined by the Board. In the event of the retirement, voluntary resignation or termination without cause of an optionee, the Options held by that optionee would be exercisable to acquire unissued Common Shares that have vested at the time of such retirement, resignation or termination until the earlier of (i) the expiry date of the Options; or (ii) 90 days after the optionee ceases active employment or service as a director, officer, employee or consultant or 30 days for any Participant engaged in Investor Relation Activities.. Notwithstanding the foregoing, the Board may determine, without any further regulatory or shareholder approval, to extend such 90 day period referenced in item (ii) of the foregoing sentence for Participants (excluding those that are engaged in Investor Relations Activities), provided that in no event may such period exceed 12 months following the effective date of such resignation, retirement or delivery of notice of termination. The Amended Plan, unlike the Existing Plan, provides that in the event of termination for cause, the options held shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause. Upon death of an optionee, the Options held by such optionee may be exercised until the earlier of (i) the expiry date of the Options; or (ii) one year after the optionee's death.

Options granted to any optionee while the Corporation is a CPC that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (as defined in the policies of the TSXV), have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction (as defined in the policies of the TSXV) and 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer. Any Common Shares acquired on exercise of Options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin (as defined in the policies of the TSXV) is issued.

The Amended Plan provides for a limited extension for Options expiring during or shortly after a blackout period. A blackout period is imposed by the Corporation for good corporate governance reasons during which trading in the Corporations securities (including exercising options) are prohibited. The Amended Plan allows the exercise period of options expiring during or immediately following a blackout period imposed by the Corporation to be extended to the day that is the 10<sup>th</sup> business day after the expiry of the blackout period.

Notwithstanding the terms of the Amended Plan described above, Policy 2.4 of the TSXV ("**CPC Policy**") imposes certain restrictions on incentive stock options during the period that the Corporation remains a CPC. Such restrictions shall remain in place until the TSXV issues the Final Exchange Bulletin (as such term is defined in the TSXV policies, such bulletin indicating that the Resulting Issuer will not be considered a CPC). Under the CPC Policy, the Corporation, while it remains a CPC, is limited to granting incentive stock options to only directors,

officers and technical consultants of the Corporation. In addition, the total number of Common Shares reserved under option for issuance pursuant to the Amended Plan may not exceed 10% of the Common Shares outstanding as at the closing of the initial public offering (the "IPO"). The maximum number of Common Shares reserved under option for issuance to any individual officer or director may not exceed 5% of the issued and outstanding Common Shares outstanding at the closing of the IPO. The maximum number of Common Shares reserved under option for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares to be outstanding after the closing of the IPO. In addition, while the Corporation is a CPC, it is prohibited from granting incentive stock options to any person providing investor relations activities, promotional or market making services. The exercise price per Common Share under any incentive stock option granted by the Corporation while it is a CPC may not be less than the greater of \$0.10 and the Discounted Market Price (as defined under TSXV policies). Any Common Shares acquired pursuant to the exercise of incentive stock options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Amended Plan expressly specifies the amendments that the Board is permitted to make to the Amended Plan without shareholder approval, and the amendments that require shareholder approval, as follows:

- The Amended Plan allows the Board to make amendments to the Amended Plan without having to obtain shareholder approval, including: (i) amendments of a housekeeping nature; (ii) a change to the vesting provisions of an Option or the Amended Plan; and (iii) a change to the termination provisions of an Option or the Amended Plan which does not entail an extension beyond the earlier of the original expiry date and one year after the effective date of the termination.
- The Amended Plan expressly states that shareholder approval is required for the following changes to the Amended Plan or options granted under it: (i) any increase to the fixed maximum percentage of Shares issuable under the Amended Plan; (ii) a reduction in the exercise price or purchase price of an Option (other than for standard antidilution purposes) held by or benefiting an Insider; (iii) an increase in the maximum number of Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time; (iv) an extension of the term of an Option held by or benefiting an Insider; (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation; (vi) the addition of any form of financial assistance; (vii) any amendment to a financial assistance provision which is more favourable to Participants; (viii) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Corporation; and (ix) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Corporation and its existing shareholders.

The Amended Plan provides for accelerated vesting in the event of certain transactions, such as an amalgamation, merger or similar arrangement, a sale of substantially all of the assets, or a Change of Control (as defined in the Amended Plan). In the event of such transactions, the Board may exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board determines that the Common Shares subject to any Option shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding will have the right at such time to exercise such Options to the extent specified and permitted by the Board. The Amended Plan also provides that whenever the Corporation's shareholders receive a take-over bid under applicable securities laws and the Corporation supports this bid, the Participant may exercise their right to accelerated vesting based on certain time periods.

#### **Approval Required for Amended Plan**

The complete text of the resolution (the "**Amended Plan Resolution**") that management intends to place before the Meeting approving the Amended Plan is as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

- (i) Subject to the final approval of, and any comments from, the TSX Venture Exchange, the proposed amended stock option plan of the Corporation (the "**Amended Plan**"), as described in and attached to the management information circular of the Corporation

dated January 10, 2017, amending and restating the Corporation's existing stock option plan, is hereby adopted and approved;

- (ii) all outstanding options shall continue under the Amended Plan and all unallocated options under the Amended Plan be hereby approved; and
- (iii) any one director or officer be and is hereby authorized to negotiate, execute and deliver all such deeds, documents and other writings, including making amendments to the Amended Plan as required by the TSX Venture Exchange and including negotiating, executing and delivering the option agreement(s) to be entered into with participants under the Amended Plan, and perform such other acts as may be necessary or desirable to give effect to this ordinary resolution."

If the Amended Plan Resolution described above is approved at the Meeting, the Amended Plan will take effect at the close of business on the date of the Meeting. If the Amended Plan Resolution is not approved at the Meeting, the amendment will not become effective and the Existing Plan will remain in effect.

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the Amended Plan Resolution. The Amended Plan Resolution must be approved by at least a majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE AMENDED PLAN RESOLUTION.**

#### STATEMENT OF EXECUTIVE COMPENSATION

##### **Compensation Discussion and Analysis**

The Corporation is a CPC under the policies of the TSXV, and as a CPC the Corporation is not permitted to pay salaries, consulting fees, management contract fees or directors' fees. Accordingly, none of the Corporation's executive officers or directors have received any cash compensation for services provided in their capacity as executive officers or directors during the Corporation's most recently completed financial year. While the Corporation is a CPC, the only compensation that the Corporation is permitted to offer its directors and executive officers is incentive stock options under its incentive stock option plan. As a CPC, the Corporation does not have a formal compensation policy.

The Corporation has the Existing Plan (to be replaced by the Amended Plan, if shareholder approval is received) for the granting of incentive stock options to the officers, employees and directors and other persons eligible to receive stock options thereunder. The purpose of granting options is to assist the Corporation in compensating, attracting, retaining and motivating the officers, directors and employees of the Corporation and to closely align the personal interests of such persons to that of the shareholders. For more information on the Corporation's Existing Plan and the Amended Plan, see "*Approval of the Amended Plan*" above. On February 26, 2010, the Corporation granted 864,439 stock options exercisable at \$0.10 per share to directors and officers of the Company, all of which expired on February 26, 2015. On February 27, 2015, the Corporation granted 739,438 stock options exercisable at \$0.05 per share to directors and officers of the Corporation, all of which expire on February 27, 2020.

The main objectives the Corporation hopes to achieve through its compensation are:

- to attract and retain executives critical to the Corporation's success, who will be key in helping the Corporation achieve its corporate objectives and increase shareholder value, which as a CPC, means identifying and completing a "Qualifying Transaction";
- to recognize the contribution of the Corporation's directors, officers and consultants to the overall success and strategic growth of the Corporation; and
- to align the interests of management and the Corporation's shareholders by providing performance-based compensation and stock options.

### Summary Compensation Table for Named Executive Officers

The following table provides a summary of total compensation earned during the last three completed fiscal years by the Corporation's Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of the Corporation who were serving as such as at the end of the applicable fiscal year and whose total compensation was, individually, more than C\$150,000 (the "**Other Executive Officers**"), if any, and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at the end of the applicable fiscal year, if any, for services rendered in all capacities during such period (hereinafter, collectively, referred to as the "**Named Executive Officers**"). The Named Executive Officers of the Corporation for the purposes of this Circular are Yvan Routhier (President and CEO) and Gary Hokkanen (CFO and Secretary). The Named Executive Officers did not receive any salary or cash compensation for their services rendered. The Corporation does not have any pension plan or incentive plans (whether equity or non-equity based) other than the Existing Plan.

EXECUTIVE OFFICERS SUMMARY COMPENSATION TABLE									
Name of Named Executive Officer and principal occupation	Year Ended April 30,	Salary (\$)	Share based awards (\$)	Option based awards (\$)	Non-equity incentive compensation (\$)		Pension value plan (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
Yvan Routhier, President, CEO and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	4,026.60 <sup>1</sup>	Nil	Nil	Nil	Nil	4,026.60
	2011-2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gary Hokkanen, Chief Financial Officer, Secretary and (former) Director <sup>2</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	4,473.98 <sup>1</sup>	Nil	Nil	Nil	Nil	4,473.98
	2011-2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### Notes:

- (1) These option based awards represent: 166,374 options granted to Yvan Routhier and 184,859 options granted to Gary Hokkanen on February 27, 2015 having an exercise price of \$0.05 and an expiry date of February 27, 2020. The value assigned to such options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, volatility factors of the expected market price of comparable companies of 100%, risk-free interest rate of 0.57% and an expected life of 5 years and share price of \$0.035. The auditors of the Corporation used the Black-Scholes valuation model as it most accurately captured the fair value of such stock options.
- (2) Resigned as a director as of December 20, 2016.

### Outstanding Share Based Awards and Option Based Awards for Named Executive Officers

The table below reflects all share based awards and option based awards for each Named Executive Officer outstanding as at April 30, 2016 (including option based awards granted to a Named Executive Officer before such fiscal year). The Corporation does not have any equity incentive plans other than the Existing Plan.



Goldman <sup>3</sup>	2015	Nil	Nil	1,180.50 <sup>2</sup>	Nil	Nil	Nil	Nil	1,180.50
Statis Rizas <sup>3</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	4,474.04 <sup>2</sup>	Nil	Nil	Nil	Nil	4,474.04

**Notes:**

- (1) The relevant disclosure for Messrs. Yvan Routhier and Gary Hokkanen is provided in the Summary Compensation Table for Named Executive Officers above.
- (2) These option based awards represent: 46,215 options granted to Julio DiGirolamo, 110,915 options granted to Gerald Goldberg, 46,215 options granted to Norman Goldman and 184,860 options granted to Statis Rizas on February 27, 2015 having an exercise price of \$0.10 and an expiry date of February 27, 2020. The value assigned to such options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, volatility factors of the expected market price of comparable companies of 100%, risk-free interest rate of 0.57% and an expected life of 5 years and share price of \$0.035.
- (3) Resigned as a director as of December 20, 2016.

*Director Outstanding Option Based Awards*

The table below reflects all option based awards for each director of the Corporation outstanding as at April 30, 2016. The Corporation does not have any equity incentive plan other than the Existing Plan.

<b>DIRECTOR OPTION BASED AWARDS OUTSTANDING</b>						
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiry date</b>	<b>Value of unexercised in the-money options (\$)<sup>(1)</sup></b>	<b>Number of shares or units of shares that have not vested (#)</b>	<b>Market or payout value of share based awards that have not vested (\$)</b>
Julio DiGirolamo <sup>2</sup>	46,215	0.05	February 27, 2020	Nil	none	none
Gerald Goldberg	110,915	0.05	February 27, 2020	Nil	none	none
Norman Goldman <sup>2</sup>	46,215	0.05	February 27, 2020	Nil	none	none
Statis Rizas <sup>2</sup>	184,860	0.05	February 27, 2020	Nil	none	none

**Notes:**

- (1) This column indicates the global value of the unexercised option as of April 30, 2016 calculated according to the difference between the market price of the Common Shares underlying the options on April 30, 2016 and exercise price of the options. Since the last trade of the common Shares was on February 9, 2012, and the Common Shares have not traded since, the market price on April 30, 2016 is considered to be the last trade price of \$0.035.
- (2) Resigned as a director as of December 20, 2016.

**Securities Authorized For Issuance Under Equity Compensation Plans**

The following table sets out equity compensation plan information as at the end of the fiscal year ended April 30, 2016. The only equity compensation plan of the Corporation is the Existing Plan.

<b>Plan Category</b>	<b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options (#) (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options (\$) (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (#) (Excluding Securities Reflected in Column (a)) (#) (c)</b>
Stock option plan	739,438	\$0.05	2 <sup>1</sup>

Total	739,438	\$0.05	2 <sup>1</sup>
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### Notes

(1) Based on there being 7,394,400 Common Shares issued and outstanding as at April 30, 2016.

### **LIABILITY INSURANCE**

The Corporation has no Directors and Officers Liability insurance.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE EXECUTIVES**

None of the directors or officers of the Corporation, nominees for election as a director of the Corporation, or associates of such persons have been indebted to the Corporation at any time since the beginning of the most recently completed fiscal year. No such person has been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation in respect of the purchase of securities or otherwise.

### **CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. 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.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### **Board of Directors**

The Board is currently composed of five directors: Messrs. Yvan Routhier, Gerald Goldberg, Yisroel Weinreb; David Posner; and Alex Storcheus. It is proposed that all five of these directors will be nominated at the meeting.

NI 58-101 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors, within the meaning set out under National Instrument 52-110 *Audit Committees* ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the current directors and proposed nominees, Yvan Routhier, President and CEO, is an executive officer and accordingly is not considered to be "independent". In assessing NI 58-101 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. The remaining directors and proposed nominees are considered to be independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the commencement of the Corporation's fiscal year ended April 30, 2016, none of the current independent directors have worked for the Corporation, received remuneration from the Corporation (other than in their capacity as directors) or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the members of the Board may meet in the absence of members of management and the non-independent directors. In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation. In addition, the members of the Board who are not members of management of

the Corporation are encouraged by the management members of the Board to communicate and obtain advice from such advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board.

### Other Directorships

In the case of directors of the Corporation and the nominees for election who are presently also directors of reporting issuers in Canada and in a foreign jurisdiction, their names and the name and jurisdiction of the reporting issuer are shown in the following table:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position
Gerald Goldberg	Baymount Incorporated (formerly Academy Capital Corp.) (Ontario)	NEX	Director
	Canada House Wellness Group Inc. (formerly Abba Medix Group Inc.) (Canada)	CSE	Director
	Gravitas Financial Inc. (Canada)	CSE	Director
	Leo Acquisitions Corp. (Ontario)	NEX	Director
	Prime City One Capital Corp. (Ontario)	NEX	Director
	Gilla Inc. (U.S)	OTCQB	Director
David Posner	Nutritional High International Inc. (Canada)	CSE	Director
	The Tinley Beverage Company Inc. (Ontario)	CSE	Director
	Lakeside Minerals Inc. (Ontario)	NEX	Director
Yisroel (Sruli) Weinreb	Findev Inc (formerly Transgaming) (Ontario)	TSXV	Director

### Orientation and Continuing Education

The Corporation does not presently have a formal orientation and continuing education program for new directors. The Board encourages directors to pursue the pertinent education programs offered by the various regulatory bodies and offers them the possibility of developing their knowledge of the Corporation's nature and activities.

### Ethical Business Conduct

In the exercise of their mandate and duties, directors must act honestly and in good faith, in the best interest of the Corporation and in compliance with the applicable laws, regulations, policies and standards. In the case of conflict of interest, a director is required to state the nature and scope of any material interest in any material contract the Corporation may have or may propose, as soon as one becomes aware of such contract or of the Corporation's intention to consider or enter into such proposed contract, in which case the director must abstain from voting on the matter.

### Nomination of Directors

The Corporation's Board nominates candidates for director after carefully reviewing and assessing the professional qualifications and skills, personality and other qualifications of each candidate, including the time and energy that such candidate is able to devote to the task and the contribution he can make to the Board.

## Compensation

The Board is responsible for determining compensation for the directors and officers of the Corporation to ensure that it reflects the responsibilities and risks of being a director of a public company.

## Other Board Committees

The Corporation currently has no other committee other than the audit committee.

## Assessments

The Board does not make regular formal assessments of the Board, its committees or its members. Rather, from time to time, the Board satisfies itself on an informal basis that its members and audit committee are performing effectively; in this respect, from time to time, the Board reviews and considers the size of the Board in relation to the needs of the Corporation, with a view of facilitating effective decision-making and identifying and selecting individuals qualified to become new Board members.

## AUDIT COMMITTEE DISCLOSURE

Pursuant to the policies of the TSXV and NI 52-110, the Corporation is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

### The Audit Committee's Charter

The text of the audit committee's charter is attached hereto as Schedule "B".

### Composition of the Audit Committee

The following are the members of the Audit Committee:

<u>Name</u>	<u>Independent</u> (as defined in NI 52-110)	<u>Financial Literacy</u> (as defined in NI 52-110)
Gerald Goldberg (Chairman of Audit Committee)	Independent	Financially literate
David Posner	Independent	Financially literate
Yisroel Weinreb	Independent	Financially literate

### Relevant Education and Experience

Each audit committee member has had experience reviewing financial statements. Each member has an understanding of the Corporation's business and has an appreciation for the relevant accounting principles for that business.

**Mr. Gerald Goldberg** (Chairman of Audit Committee) is a chartered accountant and has over 40 years' experience as an accountant and auditor. Please also refer to Mr. Goldberg's biography under the section entitled "Biographies for Director Nominees."

**Mr. David Posner** has experience acting as a CEO and as a director for public companies. He is currently the chair of the audit committee for The Tinley Beverage Company Inc. (listed on the CSE). Please also refer to Mr. Posner's biography under the section entitled "Biographies for Director Nominees."

**Mr. Yisroel Weinreb** has experience acting as an officer and director of a number of companies and has been involved in the negotiation and completion of a number of complex financing and M&A transactions. For example, during his roles as COO and CEO of a telecom called eMobile Inc., he completed three M&A transactions. He also founded Plaza Capital Limited in 2013 to focus on making debt and equity investments in microcap companies, and in 2014, he started a private equity fund with a mandate to make a single purchase LBO of a \$5M-\$10M company in Ontario. Please also refer to Mr. Weinreb's biography under the section entitled "Biographies for Director Nominees."

### Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended April 30, 2016 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended April 30, 2016 has the Corporation relied on the exemption provided under section 2.4 of NI 52-110 (De Minimis Non-Audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Corporation is not required to comply with Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 given that it is a venture issuer as defined in NI 52-110.

### Pre-Approval Policies and Procedures

The audit committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the audit committee's charter attached hereto as Schedule "B".

### External Auditor Service Fees

Aggregate fees paid to the Auditor during the fiscal periods indicated were as follows:

	Fiscal year ended April 30, 2016	Fiscal year ended April 30, 2015	Fiscal year ended April 30, 2014	Fiscal year ended April 30, 2013
Audit Fees	\$3,500	\$3,500	\$3,500	\$6,000
Audit-related Fees <sup>(1)</sup>	\$0	\$0	\$0	\$0
Tax Fees <sup>(2)</sup>	\$1,000	\$1,000	\$1,000	\$1,000
All Other Fees <sup>(3)</sup>	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$4,500</b>	<b>\$4,500</b>	<b>\$4,500</b>	<b>\$7,000</b>

#### Notes:

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other row.

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**OTHER BUSINESS**

Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the notice of Meeting. Should any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote on such matters in accordance with their best judgement.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director or officer of the Corporation, proposed nominee for election as a director of the Corporation, Shareholder who beneficially owns more than ten percent (10%) of the Common Shares, or any associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction since the commencement of the financial year ended April 30, 2016 except as otherwise disclosed in this Circular. None of the foregoing persons have any interest in any proposed transaction which has materially affected or would materially affect the Corporation except as otherwise described in this Circular.

Certain current directors (who are also nominees for election as directors at the Meeting) and certain former directors and officers of the Corporation have an interest in the Financing as they may participate in the Financing upon the same terms as all investors under the Financing. For a listing of such individuals and for details regarding the Financing, see the section entitled "Approval of the Financing".

**ADDITIONAL INFORMATION**

Financial information on the Corporation is provided in the comparative financial statements and the management discussion and analysis for Corporation's last financial year ended April 30, 2016. Shareholders can obtain additional information on the SEDAR website at [www.sedar.com](http://www.sedar.com) or by making a request to the Corporation's registered office, 77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, ON M5K 1G8.

**APPROVAL OF CIRCULAR**

The contents and the sending of this Circular have been approved by the Board of directors of the Corporation.

Signed in Toronto, (Ontario), this 10<sup>th</sup> day of January, 2017.

***(S) Yvan Routhier***

Yvan Routhier, President and CEO

**SCHEDULE "A"**  
**AMENDED AND RESTATED STOCK OPTION PLAN**  
**CAPRICORN BUSINESS ACQUISITIONS INC.**

**1. PURPOSE OF THE PLAN**

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

*This Plan amends and restates in its entirety the former stock option plan of the Corporation that was last adopted by shareholders of the Corporation on May 30, 2012.*

**2. DEFINED TERMS**

2.1 Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

- (a) "**Acceleration Right**" means the Participant's right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**Business Day**" means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) "**Change of Control**" means an acquisition by any means (other than a Takeover Bid) by a person or persons acting jointly or in concert of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than 50% of the combined voting right of the then outstanding Common Shares;
- (e) "**Common Shares**" means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (f) "**Corporation**" means Capricorn Business Acquisitions Inc., and includes any successor corporation thereof;
- (g) "**Exchange**" means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (h) "**Exercise Notice**" means the notice in writing signed by the Participant or the Participant's legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;

- (i) "**Expiry Time**" means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (j) "**Fair Market Value**" means, for the purposes of sections 4.5 and 9.4 hereof, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by the Toronto Stock Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;
- (k) "**Insider**" has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (l) "**Option**" means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (m) "**Option Price**" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (n) "**Participants**" means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (o) "**Personal Holding Company**" means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (p) "**Plan**" means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (q) "**Subsidiary**" means any corporation that is a subsidiary of the Corporation, as such term is defined under the *Business Corporations Act* (Ontario), as such provision is from time to time amended, varied or re-enacted, or a "related entity" as defined in section 2.22 of National Instrument 45-106; and
- (r) "**Take-Over Bid**" has the meaning ascribed thereto in the Securities Act (Ontario), as such provision is from time to time amended, varied or re-enacted.

### 3. ADMINISTRATION OF THE PLAN

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a *bona fide* employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the "**Committee**"). The Committee shall be

comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the "**Administrator**") the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

#### **4. GRANTING OF OPTION**

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

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

4.4 Any grant of Options under the Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant, other than a consultant, in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (d) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one consultant in any 12 month period; and
- (e) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period.

4.5 Provided that the Corporation is listed on the Toronto Stock Exchange (the "**TSX**") and is in compliance with applicable TSX requirements, and subject to tax withholding procedures as determined by the Corporation, the

Board may grant Options which allow a Participant to elect to exercise its Option on a "cashless basis", whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Common Share. For greater certainty, the Options may not be exercised on a "cashless basis" while the Common Shares are listed on the TSX Venture Exchange.

4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

## 5. OPTION PRICE

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.

5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Participant is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained; provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

## 6. TERM OF OPTION

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 12 hereof or as otherwise provided herein.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.

6.5 Except in the case of a Participant's Option that terminates pursuant to section 12.4 below, in the event that the term of any Option expires within or immediately following a "blackout period" imposed by the Corporation, the Option shall expire on the date (the "**Blackout Expiration Date**") that is ten Business Days following the end of such blackout period. The Blackout Expiration Date shall not be subject to the discretion of the Board.

## **7. EXERCISE OF OPTION**

7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation's principal office. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

7.2 If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of Options, then the Participant shall:

- (a) pay to the Corporation, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance;
- (b) authorize the Corporation, on behalf of the Participant, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Common Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or
- (c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

## **8. ADJUSTMENTS IN SHARES**

8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

## **9. ACCELERATED VESTING**

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which there is a Change of Control or the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

- (a) the Expiry Time; and
- (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take- Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-Over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.4 Provided that the Corporation is listed on the TSX and is in compliance with applicable TSX requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the Fair Market Value of the Common Shares to which the Participant would be entitled upon exercise of all unexercised Options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

## 10. CAPITAL POOL COMPANY RESTRICTIONS

As long as the Corporation is classified as a Capital Pool Company (as defined in Policy 2.4 of the Exchange) (a "CPC"), the terms and conditions of the Plan will remain subject to the following specific restrictions:

- (a) Options granted by the CPC may only entitle the Participant to acquire Common Shares of the CPC. Options may only be granted to a director or officer of the CPC, and where permitted by applicable securities legislation, a technical consultant whose particular industry expertise in relation to the business of the Vendors or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction, or a company, all of whose securities are owned, directly and indirectly, by such a director, officer or technical consultant. The total number of Common Shares reserved for issuance pursuant to Options may not exceed 10% of the Common Shares outstanding as at the closing of the CPC's initial public offering (the "IPO").
- (b) The number of Common Shares reserved for issuance pursuant to Options to any individual director or officer may not exceed 5% of the Common Shares outstanding as at the closing of the IPO. The number of Common Shares reserved for issuance pursuant to Options to all technical consultants may not exceed 2% of the Common Shares outstanding as at the closing of the IPO. Options granted by a CPC are subject to the percentage limitations set forth in Policy 4.4 of the Exchange.
- (c) The CPC is prohibited from granting Options to any person providing Investor Relations Activities, promotional or market-making services.
- (d) The exercise price per Common Share under any Option granted by a CPC cannot be less than the greater of the IPO Share price and the Discounted Market Price.

## 11. DECISIONS OF THE BOARD

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

## 12. CEASING TO BE A DIRECTOR, OFFICER, EMPLOYEE OR CONSULTANT

12.1 Subject to the terms of the applicable stock option agreements and subject to sections 12.2, 12.4, 12.5 and 14(b)(iii) hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after, except as provided below) the earlier of: (a) the Expiry Time; and (b) 90 days (or 30 days for any Participant engaged in Investor Relation Activities) following the effective date of such resignation or retirement or a date that is 90 days (or 30 days for any Participant engaged in Investor Relation Activities) following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever. Notwithstanding the foregoing, the Board may determine, without any further regulatory or shareholder approval, to extend such 90 day period referenced in item (b) of the foregoing sentence for Participants (excluding those that are engaged in Investor Relations Activities), provided that in no event may such period exceed 12 months following the effective date of such resignation, retirement or delivery of notice of termination.

12.2 Options granted to any Participant while the Corporation is a CPC that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (being the Issuer that was formerly a CPC, which exists upon issuance of the Exchange Bulletin following closing of the Qualifying Transaction) (the "**Resulting Issuer**"), have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) and 90 days after the Participant ceases to be a director, officer, technical consultant or employee of the Resulting Issuer. Any Common Shares acquired on exercise of Options prior to the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin (as defined in Exchange Policy 2.4) is issued.

12.3 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

12.4 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

12.5 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

12.6 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

## 13. TRANSFERABILITY

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

**14. AMENDMENT OR DISCONTINUANCE OF PLAN**

- (a) The approval of the Board and the requisite approval from the Exchange and the shareholders shall be required for any of the following amendments to be made to the Plan:
- (i) any increase to the fixed maximum percentage of Common Shares issuable under the Plan;
  - (ii) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;
  - (iii) an increase in the maximum number of Common Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
  - (iv) an extension of the term of an Option held by or benefiting an Insider;
  - (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation;
  - (vi) the addition of any form of financial assistance;
  - (vii) any amendment to a financial assistance provision which is more favourable to Participants;
  - (viii) provided that the Corporation is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
  - (ix) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Corporation; and
  - (x) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Corporation and its existing shareholders.
- (b) The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subsection 14(a) above including, without limitation:
- (i) amendments of a housekeeping nature;
  - (ii) a change to the vesting provisions of an Option or the Plan;
  - (iii) a change to the termination provisions of an Option or the Plan (including determining that any of the provisions of the Plan or any agreement subject to the Plan concerning the effect of termination (for whatever reason) of the Participant's employment, service or consulting agreement/arrangement or cessation of the Participant's directorship or office, shall not apply for any reason acceptable to the Board) which does not entail an extension beyond the earlier of (A) the original expiry date; and (B) one year after the effective date of the termination, in each case except as contemplated in Section 6.5 above; and
  - (iv) provided that the Corporation is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

## **15. PARTICIPANTS' RIGHTS**

15.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

15.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

## **16. APPROVALS**

16.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

16.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

## **17. GOVERNMENT REGULATION**

17.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

17.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

## **18. COSTS**

The Corporation shall pay all costs of administering the Plan.

## **19. INTERPRETATION**

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**20. COMPLIANCE WITH APPLICABLE LAW**

If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**SCHEDULE "B"**  
**AUDIT COMMITTEE CHARTER**

**1. PURPOSE AND COMPOSITION**

The purpose of the Audit Committee (the "**Committee**") of Capricorn Business Acquisitions Inc. (the "**Corporation**") is to assist the Board of directors (the "**Board**") in reviewing:

- (a) the Corporation's financial disclosure;
- (b) the qualifications and independence of the Corporation's external auditor; and
- (c) the performance of the external auditor.

The Committee of the Corporation shall be composed of not less than three directors of the Corporation, a majority of whom shall be independent within the meaning of NI 52-110, as amended or replaced from time to time.

**2. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Committee shall:

- (a) Financial Disclosure
  - (i) review the Corporation's:
    - (A) interim and annual financial statements;
    - (B) management's discussions and analyses;
    - (C) interim and annual earnings press releases;
    - (D) annual information forms;
    - (E) Filing Statements;
    - (F) other documents containing audited or unaudited financial information, at its discretion;
  - (ii) report thereon to the Board before such documents are approved by the Board and disclosed to the public;
  - (iii) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures.
- (b) External Audit
  - (i) recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
  - (ii) review and approve the audit plan, the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
  - (iii) review the independence of the external auditor;
  - (iv) meet with the external auditor and with management to discuss the audit plan, audit findings, any restrictions on the scope of the external auditor's work, and any problems that the external auditor experiences in performing the audit;

- (v) review with the external auditor and management any changes in Internationally Accepted Accounting Standards (IFRS) that may be material to the Corporation's financial reporting;
  - (vi) review pro forma or adjusted information not in accordance with IFRS;
  - (vii) have the authority to communicate directly with the external auditor;
  - (viii) require the external auditor to report directly to the Committee;
  - (ix) directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (x) meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
  - (xi) review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
  - (xii) review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
  - (xiii) pre-approve (or delegate such pre-approval to one or more of its independent members) in accordance with a pre-approval policy, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
  - (xiv) review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and
  - (xv) in the event of a change of auditor, review and approve the Corporation's disclosure relating thereto.
- (c) Financial Complaints Handling Procedures
- (i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Notwithstanding the above, the Committee may determine that certain of the above-noted items are not applicable to or appropriate for the Corporation while it remains a Capital Pool Company.

### 3. OPERATION OF THE COMMITTEE

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

- (a) **Reporting.** The Committee shall report to the Board.
- (b) **Meetings.** The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
- (c) **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation's expense, the compensation of such advisors.

- (d) **Chairman.** The Committee will recommend a director as Chairman of the Committee to the Board for approval. If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- (e) **Quorum.** A majority of committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- (f) **Secretary.** The Committee shall appoint a Secretary who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee.
- (g) **Calling of Meetings.** A meeting of the Committee may be called by the Chairman of the Committee, by the external auditor of the Corporation, or by any member of the Committee.
- (h) **Notice of meeting.** Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- (i) **Auditor's Attendance at Meetings.** The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.
- (j) **Access To Information.** The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.
- (k) **Review Of Charter.** The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.
- (l) **Reporting.** The Chairman of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require and shall promptly inform the Chairman of the Corporation of any significant issues raised during the performance of the functions as set out herein, by the external auditor or any Committee member, and shall provide the Chairman copies of any written reports or letters provided by the external auditor to the Committee.