**SMARTCOOL SYSTEMS INC.**
7155 Kingsway
PO Box 54523 Highgate PO
Burnaby, British Columbia, Canada V5E 4J6
Telephone (604) 669-1388 / Facsimile (604) 602-0674

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual general and special meeting (the "**Meeting**") of shareholders of Smartcool Systems Inc. (the "**Company**") will be held at Suite 900, 885 West Georgia Street, Vancouver, British Columbia, on Friday, December 8, 2017, at 9:00 a.m., Vancouver time, for the following purposes:

1. To receive the report of the Directors of the Company;

2. To receive and consider the audited financial statements of the Company for its fiscal year ended December 31, 2016 and the report of the auditor thereon;

3. To fix the number of Directors of the Company for the ensuing year at three (3);

4. To elect Directors of the Company for the ensuing year;

5. To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration;

6. To consider and, if thought fit, to pass an ordinary resolution to approve an increase in the number of common shares of the Company issuable pursuant to the Company's Stock Option Plan from 23,885,547 to 38,957,875, being the number equal to 20% of the issued and outstanding common shares as at November 9, 2017, or such other number of common shares as may be permitted by the TSX Venture Exchange, as further described in the accompanying information circular;

7. To consider and, if thought fit, to approve a special resolution approving the consolidation of the issued and outstanding common shares of the Company on a one (1) for three (3) basis;

8. To consider and, if thought fit, to approve a special resolution approving the consolidation of the issued and outstanding common shares of the Company on a one (1) for four (4) basis;

9. To consider and, if thought fit, to approve a special resolution approving the consolidation of the issued and outstanding common shares of the Company on a one (1) for five (5) basis;

10. To consider and, if thought fit, to approve a special resolution approving the consolidation of the issued and outstanding common shares of the Company on a one (1) for six (6) basis; and

11. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Information Circular dated November 9, 2017 and form of Proxy accompany this Notice contains details of matters to be considered at the Meeting.

The Company's board of directors has fixed Friday, November 3, 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

**A registered shareholder of the Company 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, or another suitable form of Proxy, and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of Proxy and in the Information Circular.**

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (an "**Intermediary**"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Burnaby, British Columbia, this 9th day of November, 2017.

BY ORDER OF THE BOARD

*"Theodore Konyi"*

Theodore Konyi
CEO and Director

**SMARTCOOL SYSTEMS INC.**
7155 Kingsway
PO Box 54523 Highgate PO
Burnaby, British Columbia, Canada V5E 4J6
Telephone (604) 669-1388 / Facsimile (604) 602-0674

# INFORMATION CIRCULAR

## Solicitation of Proxies

This information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Smartcool Systems Inc. (the "**Company**") for use at the annual general and special meeting of the shareholders (the "**Shareholders**") of the Company (the "**Meeting**") to be held at 900 – 885 West Georgia Street, Vancouver, British Columbia, on December 8, 2017, at 9:00 a.m. (Vancouver time) and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. The Company has made arrangements for intermediaries to forward solicitation materials to the beneficial owners of the common shares of the Company (the "**Common Shares**") held of record by those intermediaries and the Company may reimburse the intermediaries for reasonable fees and disbursements incurred by them in so doing.

Notice of the Meeting was provided to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

In this Information Circular, references to "the Company", "we" and "our" refer to Smartcool Systems Inc. "Common Shares" means common shares in the authorized share structure of the Company as at the date of this Information Circular. "Beneficial Shareholders" means Shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

## Date of Information Circular

Information contained in this Information Circular is given as at November 9, 2017, unless otherwise indicated.

# GENERAL PROXY INFORMATION

## Revocability of Proxies

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

(a) executing a proxy bearing a later date; or

(b) executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the Shareholder's authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney duly authorized, and by depositing the proxy bearing a later date with Computershare Investor Services Inc., or at the address of the registered office of the Company at 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the date that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

(c) by the registered Shareholder personally attending the Meeting and voting the registered Shareholder's Common Shares.

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

**Appointment of Proxyholders**

A Shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the Shareholder on the Shareholder's behalf.

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company (the "**Management Designees**"). **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting other than either of the Management Designees. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

A proxy will not be valid unless the completed, signed and dated form of proxy is delivered to the office of **Computershare Investor Services Inc., at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775 and outside North America to (416) 263-9524,** or by telephone to 1-866-732-VOTE (8683) Toll Free or internet at www.investorvote.com not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

**Exercise of Discretion**

The Management Designees named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with the instructions of the Shareholder on any ballot that may be called for. The Proxy will confer discretionary authority on the nominees named therein with respect to:

(a) each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors,

(b) any amendment to or variation of any matter identified therein, and

(c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the Management Designees will vote the Common Shares represented by the Proxy as recommended by Management in this information circular or, if Management has made no such recommendation, at their discretion.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each Management Designee intends to vote thereon in accordance with the Management Designee's best judgment.

**Proxy Voting Options**

If you are a registered Shareholder, you may elect to submit a proxy in order to vote whether or not you are able to attend the Meeting in person. In order to vote by mail, you must complete, date and sign the Proxy and return it to the Company's transfer agent, **Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775 and outside North America to (416) 263-9524**, or by telephone to 1-866-732-VOTE (8683) Toll Free or internet at www.investorvote.com not less than at any time up to and including 9:00 a.m. (Vancouver time) on December 6, 2017.

**Advice to Beneficial Holders 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 Common Shares in their own name. Beneficial Shareholders should note that only Proxies deposited by Shareholders whose names appear on the records of the Company 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 a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In the United States, the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depositary Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting material. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

If you are a Beneficial Shareholder, the form of proxy supplied to you by your broker (or its agent) is similar to the form of Proxy provided to the registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Communications Solutions Canada *(*"**Broadridge**"*)* in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the Management Designees to represent you at the Meeting. You have the right to appoint a person (who need not be a Shareholder of the Company), 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. It must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although, as a Beneficial Shareholder, you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of your broker), you may attend at the Meeting as proxyholder for your broker and vote the Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instrument form provided to you and return the same to your broker (or your broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

Alternatively, you may request in writing that your broker send you a legal Proxy which would enable you, or a person designed by you, to attend at the Meeting and vote your Common Shares.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed November 3, 2017, as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

As of November 9, 2017, the Company had outstanding 194,789,377 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. The Company is also authorized to issue an unlimited number of preferred shares. There are no preferred shares issued and outstanding as at the Record Date.

To the knowledge of the directors or executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to the outstanding Shares of the Company.

**Recommendation of the Board**

The Board unanimously recommends that Shareholders vote in favour of all resolutions.

## ELECTION OF DIRECTORS

The Board currently consists of three (3) directors. Management proposes to fix the number of directors of the Company at three (3) and to nominate the persons listed below for election as directors.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**") or the By-laws of the Company, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors to the full extent permitted by applicable law.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares of the Company which each beneficially owns or over which control or direction is exercised:

| Nominee Position with the Company and Province/State and Country of Residence | Principal Occupation, Business or Employment for Last Five Years[(1)] | Periods during which Nominee has Served as a Director | Committee Membership | Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised[(2)] |
|---|---|---|---|---|
| Theodore Konyi<br>Chief Executive Officer & Director | Financial entrepreneur; founder of Smartcool Systems Inc., Magnum | Since January 16 , 2015 | Audit Committee | 4,000,000[(3)] |

| Nominee Position with the Company and Province/State and Country of Residence | Principal Occupation, Business or Employment for Last Five Years[(1)] | Periods during which Nominee has Served as a Director | Committee Membership | Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised[(2)] |
|---|---|---|---|---|
| British Columbia, Canada | Energy Inc. and Maxwell group of companies; co-founder of Digital Caddies Inc. and First Coal Corporation. | | | |
| Dalton Larson<br>Director<br>British Columbia, Canada | President of the Arbitrators Association of British Columbia; Director of the BC Arbitration and Mediation Institute. | Since January 16, 2015 | Audit Committee | 1,500,000 |
| Haiwen Qian<br>Director<br>British Columbia, Canada | Owner of Emax Imp. & Exp. Since 1993; Owner of Changes Apparel Mfg. Ltd. since 2001; Freelance business consultant since 1995; CEO of Chows Investment Holdings Inc. since 2013; and Consultant, Vice-President of Business Development of Smartcool Systems Inc. since March 2017. | Nominee | Nominee for Audit Committee | 13,682,000 |

(1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.

(2) The number of Common Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by Computershare Investor Services Inc., the registrar and transfer agent of the Company, insider reports filed on SEDI and by the nominees themselves.

(3) These shares are owed by Maxwell Mercantile Inc. ("**Maxwell**"), a private company owned by Mr. Konyi. Total shareholdings do not include 3,750,000 stock options exercisable into Shares held by Maxwell.

To the knowledge of the Company and except as set forth below, no proposed director is, or has, within the 10 years before the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company that,

(a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

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

Both Theodore Konyi and Bradley Nightingale were directors of Digital Caddies, Inc., an Oklahoma corporation, and Bradley Nightingale was the Chief Executive Officer of Digital Caddies, Inc., when it was the subject of a cease trade order entered by the British Columbia Securities Commission on February 6, 2013, for failure to file disclosure documents. In the Order, the British Columbia Securities Commission noted that Digital Caddies, Inc. was an OTC reporting issuer under Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets that had failed to file any disclosure documents on SEDAR.

No proposed director of the Company was, as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including Smartcool Systems Inc.) 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.

No proposed director of the Company has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for that proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### General

For the purposes of this Statement of Executive Compensation:

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

"**NEO**" or "**named executive officer**" means:

(a) each individual who served as chief executive officer ("**CEO**") of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,

(b) each individual who served as chief financial officer ("**CFO**") of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,

(c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year, and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries (if any), nor acting in a similar capacity, at the end of that financial year;

"**plan**" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

**Director and Named Executive Officer Compensation, excluding Compensation Securities**

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company:

| Name and Position | Fiscal Year Ended Dec 31, 2016 | Salary, Consulting Fee, Retainer or Commission ($) | Bonus ($) | Committee or Meeting Fees ($) | Value of Perquisites ($) | Value of all other Compensation ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|
| Theodore Konyi[1]<br>*CEO and Director* | 2016<br>2015 | 180,000[6]<br>180,000[9] | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | 180,000<br>180,000 |
| George Burnes[2]<br>*Former Director, President and CEO* | 2016<br>2015 | 97,500[7]<br>122,500[10] | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | 97,500<br>122,500 |
| Kim Nguyen[3]<br>*CFO* | 2016<br>2015 | 64,500[8]<br>74,333[11] | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | 64,500<br>74,333 |

| Name and Position | Fiscal Year Ended Dec 31, 2016 | Salary, Consulting Fee, Retainer or Commission ($) | Bonus ($) | Committee or Meeting Fees ($) | Value of Perquisites ($) | Value of all other Compensation ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|
| Brad Nightingale[4]<br>*Director* | 2016<br>2015 | Nil<br>1,868 | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>1,868 |
| Dalton Larson[6]<br>*Director* | 2016<br>2015 | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil |
| Craig O. Jolly[5]<br>*Former Director* | 2016<br>2015 | Nil<br>50,000 | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>50,000 |

(1) Theodore Konyi was appointed the CEO of the Company on January 1, 2015 and as a director on January 16, 2015. He was appointed the President of the Company on October 1, 2016.

(2) George Burnes was appointed was appointed a director of the Company on September 15, 2004, President of the Company on October 15, 2004 and as CEO on July 12, 2005. Mr. Burnes resigned from his office as CEO on January 1, 2015 and from his office as President and his seat on the Board of Directors on October 1, 2016.

(3) Kim Nguyen was appointed the CFO of the Company on March 14, 2011.

(4) Brad Nightingale was appointed as a director on September 25, 2014.

(5) Craig Jolly was appointed as a director on September 25, 2014 and resigned on January 16, 2015.

(6) Maxwell was paid $143,000 in 2016. Maxwell is contracted by the Company to provide services, which, among other things, are consistent with those ordinarily provided by a chief executive officer (the "**CEO Services**") pursuant to an Independent Contractor Agreement dated January 1, 2015 (the "**Maxwell Agreement**"). Pursuant to the Maxwell Agreement, Maxwell is obligated to cause Mr. Konyi to provide the CEO Services to the Company. Maxwell's remaining fee of $37,000 was unpaid as of December 31, 2016.

(7) Mr. Burnes was paid $85,000 in 2016, Mr. Burnes' remaining compensation of $12,500 was unpaid as of December 31, 2016.

(8) Ms. Nguyen was paid $49,000 in 2016, Ms. Nguyen's remaining compensation of $15,500 was unpaid as of December 31, 2016.

(9) As detailed above, Maxwell is contracted by the Company to provide services as are consistent with those ordinarily provided by a chief executive officer pursuant to the Maxwell Agreement. Pursuant to the Maxwell Agreement, Maxwell is obligated to cause Mr. Konyi to provide those services to the Company. Maxwell was paid $162,000 in 2015. Maxwell's remaining compensation of $18,000 was unpaid as of December 31, 2015.

(10) Mr. Burnes was paid $112,500 in 2015, Mr. Burnes' remaining compensation of $97,500 was unpaid as of December 31, 2015.

(11) Ms. Nguyen was paid $68,333 in 2015, Ms. Nguyen's remaining compensation of $47,667 was unpaid as of December 31, 2015.

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the year ended December 31, 2016 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

| Compensation Securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and Position** | **Type of Compensation Security** | **Number of Compensation Securities, Number of Underlying Securities and Percentage of Class** | **Date of Issue or Grant** | **Issue, Conversion or Exercise Price ($)** | **Closing Price of Security or Underlying Security on Date of Grant** | **Closing Price of Security or Underlying Security at Year End** | **Expiry Date** |
| Theodore Konyi[(1)] *CEO and Director* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |
| George Burnes[(2)] *Former Director, President and CEO* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |
| Kim Nguyen[(3)] *CFO* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |
| Brad Nightingale[(4)] *Director* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |
| Dalton Larson[(6)] *Director* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |
| Craig O. Jolly[(5)] *Former Director* | Stock Options | Nil | Nil | Nil | Nil | Nil | Nil |

(1) As at December 31, 2016, Mr. Konyi held indirectly through Maxwell 3,000,000 stock options exercisable at $0.05 per share until expiry on January 1, 2020 and indirectly through Maxwell 750,000 stock options exercisable at $0.05 per share until expiry on March 25, 2019;

(2) As at December 31, 2016, Mr. Burnes held 750,000 stock options exercisable at $0.05 per share until expiry on April 22, 2020; 1,200,000 stock options exercisable at $0.05 per share until expiry on December 20, 2018; 200,000 stock options exercisable at $0.10 per share until expiry on January 26, 2017;

(3) As at December 31, 2016, Ms. Nguyen held 70,000 stock options exercisable at $0.05 per share until expiry on April 22, 2020; 250,000 stock options exercisable at $0.05 per share until expiry on December 20, 2018; 25,000 stock options exercisable at $0.10 per share until expiry on January 26, 2017;

(4) As at December 31, 2016, Mr. Nightingale held 200,000 stock options exercisable at $0.05 per share until expiry on January 1, 2020; and

(5) As at December 31, 2016, Mr. Larson held 200,000 stock options exercisable at $0.05 per share until expiry on January 1, 2020.

### Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised any compensation securities during the year ended December 31, 2016.

At the Meeting, Shareholders will be asked to approve amendments to the Plan. See "Particulars of Matters to be Acted Upon – Amendment of Stock Option Plan" for more information on the terms of the Plan.

**Stock Option Plans and Other Incentive Plans**

The only equity compensation plan that the Company has in place is its stock option plan dated for reference September 27, 2001 as amended September 25, 2015 (the "**Plan**"). The Plan was established to provide an incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation agreements, may not exceed an aggregate of 23,885,547 Common Shares. All options expire on a date not later than ten years after the issuance of such option.

A copy of the Plan is available for review on the Company's profile at www.sedar.com.

**Employment, Consulting and Management Agreements**

Mr. Theodore Konyi is an employee of Maxwell Mercantile Inc. (previously defined as "**Maxwell**"), an independent contractor of the Company pursuant to the Maxwell Agreement. Pursuant to the Maxwell Agreement, Mr. Konyi provides the CEO Services to the Company in the role of Chief Executive Officer for a monthly fee of $15,000 paid to Maxwell. Maxwell is eligible to receive an annual bonus equal to 5% of all sales revenue in excess of $1,500,000 per fiscal year or 10% of EBITDA (earnings before interest, taxes, depreciation and amortization) in excess of $300,000 per fiscal year, whichever is greater. The Maxwell Agreement has a twelve month-term with automatic renewals of additional twelve month terms unless either party gives 60 days' written notice to the other of its intention not to renew. The Maxwell Agreement may be terminated by the Company upon payment of a termination fee of 12 times the monthly fee.

Mr. Burnes entered into an employment agreement (the "**Employment Agreement**") with the Company dated September 1, 2004 with an effective start date of October 15, 2004 which provided for a base salary of $10,000 per month, to be reviewed annually by the Board. The Company may terminate employment for reasons other than for cause by paying him a total amount equal to three months' salary in lieu of notice in the first year of employment, six months' salary in lieu of notice during the second and third year of employment, nine months' salary in lieu of notice during the fourth and fifth year of employment and twelve months salary in lieu of notice thereafter. The Employment Agreement was amended as of February 1, 2009 (the "**Amended Employment Agreement**"). Under the Amended Employment Agreement, Mr. Burnes' base salary was increased to $15,000 per month and the severance payment in lieu of notice after five years of employment was changed to twelve months salary plus one additional month for every year to a maximum of 16 months. The Amended Employment Agreement was further amended as of February 1, 2015, to decrease Mr. Burnes' base salary to $10,000 per month. The Amended Employment Agreement was further amended as of October 1, 2016, to decrease Mr. Burnes' base salary to $2,500 per month.

There are no other employment contracts between the Company and the Named Executive Officers.

There are no other compensatory plans, contracts or arrangements between the Company and any Named Executive Officer, where the Named Executive Officer is entitled to receive more than $50,000 from the Company, including periodic payments or instalments, in the event of:

(a) the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Company;

(b) a change of control of the Company; or

(c) a change of the Named Executive Officer's responsibilities following a change in control.

**Oversight and Description of Director and NEO Compensation**

The Board as a whole has the responsibility of determining the compensation for the CEO and the CFO and of determining compensation for directors and senior management.

The Board's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants and employees a sense of ownership in the Company and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Company.

The compensation program is designed by the Board to provide competitive levels of compensation. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs may receive compensation that is comprised of three components:

- Salary, wages or contractor payments;
- Stock option grants; and/or
- Bonuses.

The objectives and reasons for this system of compensation are to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base salary amounts.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the NEOs are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

**Pension Plan Benefits**

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that the Company has in place is its stock option plan dated for reference September 27, 2001 as amended August 8, 2012 and September 25, 2015 (the "**Plan**"). The Plan was established to provide an incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation agreements, may not exceed 23,885,547 Common Shares. All options expire on a date not later than ten years after the issuance of such option.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed fiscal year:

| **Plan Category** | **Number of securities to be issued upon exercise of outstanding options, warrants and rights**<br>**(a)** | **Weighted-average exercise price of outstanding options, warrants and rights**<br>**(b)** | **Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**<br>**(c)** |
|---|---|---|---|
| **Equity compensation plans approved by securityholders** | 22,495,000 | $0.05 | 1,390,547 |

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| **Equity compensation plans not approved by securityholders** | Nil | N/A | Nil |
| **Total** | 22,495,000 | $0.05 | 1,390,547 |

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An "**informed person**" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its securities.

Except as set out below, since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the year ended December 31, 2016, consulting fees of $180,000 were charged by one company with a common director (2015 - $180,000)[(1)].

During the year ended December 31, 2016, consulting fees of $42,710 were charged by a common officer (2015 - $54,558).

During the year ended December 31, 2016, administration fees of $6,606 were charged by a company with common directors (2015 - $Nil).

(1) Pursuant to the Maxwell Agreement, consulting fees of $180,000 were charged by Maxwell in the years ended December 31, 2016 and 2015.

## APPOINTMENT OF AUDITOR

DeVisser Gray LLP, Chartered Professional Accountants ("**DeVisser Gray**") has been appointed to the position of auditor of the Company effective March 13, 2015. At the Meeting, Shareholders will be asked to vote for the appointment of DeVisser Gray to serve as auditor of the Company for the ensuing year and to authorize the directors to fix their remuneration.

## MANAGEMENT CONTRACTS

There are no management functions of the Company or any of its subsidiaries which are to any substantial degree performed other than by the directors or executive officers of the Company or its subsidiaries.

## CORPORATE GOVERNANCE

### General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**").

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "**CSA**") have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by reporting issuers of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The independent members of the Board of the Company are Dalton Larson and Brad Nightingale. The non-independent director is Theodore Konyi, Chief Executive Officer and President.

The Board facilitates its independent supervision over management by choosing management who demonstrate a high level of integrity and ability and having strong independent members. The independent directors are, however, able to meet at any time without any of the non-independent directors being present. Further supervision is performed through the Audit Committee who may meet with the Company's auditors without management being in attendance.

**Directorships**

The participation of the directors in other reporting issuers as at the date of this Management Circular is described in the following table:

| Name of Director | Names of Other Reporting Issuers of which the Director is a Director |
|---|---|
| Dalton Larson | Energizer Resources Inc.<br>Anterior Education Holdings Ltd. |
| Brad Nightingale | Digital Caddies Inc. |

**Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business and on director responsibilities.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussions with all board members.

**Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

**Nomination of Directors**

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

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

**Compensation**

The CEO's compensation was recommended and approved by the Board.

Directors' compensation was recommended by the CEO and approved by the majority of directors.

**Other Board Committees**

The Board has no committees other than the Audit Committee.

**Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and committees.

**Nomination and Assessment**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

**Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 ("**NI 52-110**") of the CSA requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the "**Audit Committee**") and its relationship with its independent auditors, as set forth in the following.

**Charter**

The Company has adopted a charter (the "**Charter**") of the Audit Committee of the Board, which is attached as Schedule "B" to this Information Circular.

**Composition**

The current members of the Audit Committee are Theodore Konyi, Dalton Larson and Brad Nightingale. Messrs. Larson and Nightingale are "independent" members of the Audit Committee as defined in National Instrument 52-101 and Mr. Konyi is not "independent" as

defined by National Instrument 52-101. All of the members of the Audit Committee are considered to be financially literate as defined by National Instrument 52-101.

**Relevant Education and Experience**

***Mr. Theodore Konyi***

Mr. Konyi has over 30 years of experience as a financial entrepreneur. As founder of the Maxwell group of companies, he has been involved in the start-up and growth phases of 15 corporations primarily in the energy and technology industries. The primary operating company in the group, Maxwell Mercantile Inc., has completed in excess of $140 million in private and public financings. From 1988 through 1998, Mr. Konyi was responsible for forming and financing 17 limited partnerships that invested successfully in the energy sector. This involved the acquisition of $120 million of producing oil and gas assets in Alberta and managing the cash flow for over 1,500 limited partners. From 1994 to the present, Mr. Konyi has been involved as a director or senior officer in 12 publicly listed companies. Mr. Konyi was the founder of Magnum Energy Inc., a start-up publicly listed oil and gas exploration company, and the founder of the Company, as well as co-founder of Digital Caddies Inc., a start-up tablet based golf course GPS management tool. Maxwell Mercantile Inc. was responsible for the successful $25 million dollar financing of Primeline Energy (PEH: TSXV), having raised the profile of the company and broadened its shareholder base. Mr. Konyi was also co-founder of First Coal Corporation, a private metallurgical coal exploration company, which raised $65 million privately and was sold in 2011 to Xstrata Mining for $149 million. Ted is supported in Maxwell Mercantile by a competent group of financial professionals.

***Mr. Dalton Larson***

Mr. Larson is a former partner of a major Vancouver Law firm, now McMillan LLP and currently maintains a private practice along with a successful investment business. As an expert in alternate dispute resolution, Dalton has extensive experience as a professional arbitrator and mediator. He holds a Master's Degree in Law from the University of London, England.

Mr. Larson has considerable business and finance experience, including serving more than 25 years as a director of several investment funds managed by the CW Funds group of companies, affiliated with Ventures West Management Inc. which at the time was one of the largest venture capital firms in Canada, where he participated in the investment and management of some $130 million in venture capital funds. He served as Chairman of the Board of Directors of a Philippine ethanol company and was a founding shareholder and first Chairman of the Board of Directors of the First Coal Corporation, which started operations in 2004 raising in excess of $65 million in equity to finance its development activities. This company was sold to Xstrata in 2011 for in excess of $150 million.

Mr. Larson is a member of the Board of Directors of Energizer Resources Inc., a publically traded mineral exploration and mining company that is developing its 100% owned flagship Molo Graphite Project in southern Madagascar. He is also Chairman of the Board of Directors of a private education company and most recently was appointed a member of the Board of

Directors of Smartcool Systems Inc., which provides cutting edge energy efficient and energy cost reduction solutions for businesses around the world.

***Mr. Brad Nightingale***

Mr. Nightingale has over 20 years of experience working with executive teams and CEOs of public and private companies throughout North America, advising and directing initiatives relating to capital formation, strategic direction and new initiatives. Mr. Nightingale is currently the managing director with Fulham Partners, a boutique private equity investment bank based in Scottsdale, Arizona with affiliate offices in New York City. Prior to working with Fulham Partners, Mr. Nightingale worked with other recognized investment banks and consulting companies including Merrill Lynch, Sprott Securities Ltd. (now Cormark Securities Inc.) and Canaccord Genuity Corp., and he is also the founder, Chairman and CEO of Digital Caddies Inc., a publicly traded company that is building the tablet based content, navigation and media network on golf courses throughout the United States.

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year ended December 31, 2016 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter, attached hereto as Schedule "A".

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year ended December 31, 2016 has the Company relied on the exemption in Section 2.4 of NI 52-110 *(De Minimis Non-Audit Services)*, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**External Auditor Service Fees**

The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as follows:

| Nature of Services | Fees Paid to Auditor in Year Ended December 31, 2016 | Fees Paid to Auditor in Year Ended December 31, 2015 |
|---|---|---|
| Audit Fees[(1)] | $28,500 | $25,000 |
| Audit-Related Fees[(2)] | Nil | Nil |
| Tax Fees[(3)] | Nil | Nil |
| All Other Fees[(4)] | Nil | Nil |

| Nature of Services | Fees Paid to Auditor in Year Ended December 31, 2016 | Fees Paid to Auditor in Year Ended December 31, 2015 |
|---|---|---|
| Total | $28,500 | $25,000 |

(1) "Audit Fees" include fees necessary to perform the annual audit of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

### Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Amendment of Stock Option Plan

The Company last received Shareholder approval at its annual general and special meeting held on August 30, 2015, of a "fixed" stock option plan whereby a maximum of 23,885,547 Common Shares of the Company were reserved for issuance as at the date of Shareholder approval. The Company has granted stock options that exceed the current limits of the Plan. Accordingly, Shareholders will be asked at the Meeting to approve an amendment to the Plan to increase the number of Common Shares of the Company that are reserved for issuance under the Plan.

The Plan provides for the grant of up to a maximum of 23,885,547 Common Shares, which number represented 20% of the issued and outstanding Common Shares on the date the Plan was last approved by the shareholders. It is proposed that section 2.4 of the Plan be amended to increase the number of Common Shares reserved for issuance under the Plan from 23,885,547 to a maximum of 20% of the issued and outstanding Common Shares as at November 9, 2017. As at November 9, 2017, this represents 38,957,875 Common Shares that would be available under the Plan. There are currently 22,495,000 stock options outstanding.

The purpose of the Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to the Company and any subsidiaries with an opportunity to purchase Common Shares of the Company and benefit from any appreciation in the value of the Company's Common Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the

ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

Under the Plan, the option price must not be less than the exercise price permitted by the TSX Venture stock exchange (the **"TSXV"**). The current policies of the TSXV state that the option price must not be less than the closing price of the Common Shares listed on the TSXV on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the TSXV.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.

2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Company's Common Shares on the day immediately preceding the day on which the directors grant such options, less any discount permitted by the TSXV.

4. All options will be non-assignable and non-transferable.

5. The number of Common Shares reserved for issue to any person under the Plan may not exceed 5% of the issued Common Shares.

6. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death or disability), as the case may be, then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be a director or ceases to be employed by the Company, subject to the terms and conditions set out in the Plan.

7. Disinterested Shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; and (ii) any grant of options to insiders, within a 12-month period, exceeding 10% of the Company's issued Common Shares.

8. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's Common Shares.

The full text of the Plan will be made available at the registered records offices of the Company, Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, until 4 p.m. on the business day immediately preceding the date of the Meeting. The Plan is also available on the Internet at www.sedar.com.

*Shareholder Approval*

At the Meeting, Shareholders will be asked to approve the following ordinary resolution (the "**Plan Resolution**"), which must be approved by at least a majority of the votes cast by

Shareholders represented in person or by proxy at the Meeting who vote in respect of the Plan Resolution:

"RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. The Company's amended stock option plan (the "**Plan**"), as set forth in the Company's Information Circular dated November 9, 2017, including the reservation for issuance under the Plan of 38,957,875 common shares of the Company, representing 20% of the issued common shares of the Company as of November 9, 2017, be and is hereby ratified, confirmed and approved, subject to the acceptance of the Plan by the TSX Venture Exchange (the "**TSXV**");

2. The Company's board of directors be authorized in its absolute discretion to administer the Plan and amend or modify the Plan in accordance with its terms and conditions and with the policies of the TSXV; and

3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the TSXV or applicable securities regulatory authorities and to complete all transactions in connection with the administration of the Plan."

## 2. Share Consolidation

Management of the Company considers it advisable to consolidate the Company's authorized share capital (the "**Consolidation**"). The Board has not yet determined the consolidation ratio to be used to effect the Consolidation, and therefore, at the Meeting, Shareholders will be asked to consider, and if thought advisable, to pass five separate ordinary resolutions (collectively, the "**Consolidation Resolutions**") (the full text of each of which is set out below) approving the Consolidation. The four proposed consolidation ratios are: (a) on the basis of one (1) post-consolidated Share for each three (3) pre-consolidated Shares issued and outstanding; (b) on the basis of one (1) post-consolidated Share for each four (4) pre-consolidated Shares issued and outstanding; (c) on the basis of one (1) post-consolidated Share for each five (5) pre-consolidated Shares issued and outstanding; and (d) on the basis of one (1) post-consolidated Share for each six (6) pre-consolidated Shares issued and outstanding. The Board will then have the sole discretion to proceed with any one of the four proposed consolidation ratios, subject

to the receipt of the approval of the TSXV. The name of the Company is not expected to be changed in conjunction with the Consolidation.

*Reasons for the Consolidation*

Management of the Company believes that the Consolidation is necessary due to market conditions that have made it challenging to raise capital under the current share structure of the Company.

*Effects of the Consolidation*

The Consolidation will result in Shareholders holding a smaller number of Shares. The resulting number of Shares held after the Consolidation will be determined based on the consolidation ratio decided upon by the Board, in its sole discretion. In the event the resolution with respect to the Consolidation is approved, the maximum consolidation ratio permitted will be one (1) post-consolidation Share for every six (6) pre-consolidation Shares, but, subject to the approval of Shareholders at the Meeting, the Board may also determine to consolidate the Shares on a ratio of one (1) for three (3), one (1) for four (4) or one (1) for five (5). However, the Consolidation will not affect any Shareholder's percentage ownership interest or voting rights in the Company, except to the extent that the Consolidation would otherwise result in any Shareholder owning a fractional Share. Any fractional Shares resulting from the Consolidation will be rounded up to the next whole Share if such fractional Share is equal to or greater than one-half of a Share and rounded down to the next whole Share if such fractional Share is less than one-half of a Share.

As at November 9, 2017, the total number of issued and outstanding Shares of the Company was 194,789,377. Accordingly, in the event that the Board determines to proceed with the Consolidation on a ratio of:

(a) one (1) for three (3), the total number of Shares issued and outstanding after the Consolidation is expected to be 64,929,792;

(b) one (1) for four (4), the total number of Shares issued and outstanding after the Consolidation is expected to be 48,697,344;

(c) one (1) for five (5), the total number of Shares issued and outstanding after the Consolidation is expected to be 38,957,875; and

(d) one (1) for six (6), the total number of Shares issued and outstanding after the Consolidation is expected to be 32,464,896.

In general, the Consolidation will not be considered to result in a disposition of Shares by shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a shareholder for such purposes of all Shares held by the shareholder will not change as a result of the Consolidation; however, the shareholder's adjusted cost base per Share will increase proportionately.

Each option, warrant, or other security of the Company convertible into pre-Consolidation Shares that has not been exercised or cancelled prior to the implementation of the Consolidation, will be adjusted pursuant to the terms thereof on the basis of the Consolidation ratio (i.e. the number of Shares issuable will decrease while the exercise price will increase).

*Effect on Non-Registered Holders*

Non-Registered Holders holding their Shares through an Intermediary should note that such Intermediary may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered shareholders. If you hold your Shares with such Intermediary and if you have questions in this regard, you should contact your Intermediary.

*Exchange of Share Certificates*

If the Consolidation is approved by shareholders, accepted by the Exchange, and implemented by the Board, shareholders will be required to exchange their share certificates representing pre-Consolidation Shares for new share certificates representing post-Consolidation Shares.

Following a determination by the Board to implement the Consolidation, it is expected that the Transfer Agent will send a letter of transmittal to each shareholder as soon as practicable after the implementation of the Consolidation. The letter of transmittal will contain instructions on how shareholders can surrender their share certificates representing pre-Consolidation Shares to the Transfer Agent. The Transfer Agent will forward to each shareholder who has sent in their share certificates representing pre-Consolidation Shares, along with such other documents as the Transfer Agent may require, a new share certificate representing the number of post-Consolidation Shares to which such shareholder is entitled. No share certificates for fractional Shares will be issued.

**Shareholders should not destroy any share certificate and should not submit any share certificate for a new share certificate until requested to do so.**

*Procedures for Implementing the Consolidation*

If the shareholders approve the Consolidation Resolutions set forth below, the Board will have the authority, in its sole discretion, to determine whether or not to implement the Consolidation. If the Board decides to implement the Consolidation, the Company will promptly make the required filings with the Exchange. The Consolidation will be effective on the date on which the Board determines to carry out the Consolidation after receiving the acceptance of the Exchange. Following receipt of the Exchange's final acceptance of the Consolidation, the Company will cause letters of transmittal, as described above, to be mailed to the shareholders.

*Risks Associated with the Consolidation*

The effect of the Consolidation upon the market price of the Shares cannot be predicted with any certainty. There can be no assurance that the total market capitalization of the Shares immediately following the Consolidation will be equal to or greater than the total market

capitalization immediately before the Consolidation. In addition, there can be no assurance that the per Share market price of the Shares following the Consolidation will remain higher than the per Share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. Furthermore, the Consolidation may lead to an increase in the number of shareholders who will hold "odd lots"; that is, a number of Shares not evenly divisible into board lots (a board lot is 100, 500 or 1,000 Shares, depending on the price of the Shares). As a general rule, the cost to shareholders transferring an odd lot of Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, despite the risks and the potential increased cost to shareholders in transferring odd lots of post-Consolidation Shares, the Board believes the Consolidation is in the best interests of the Company.

*Consolidation Resolutions*

At the Meeting, Shareholders will be asked to approve the following ordinary resolutions (previously defined as the "**Consolidation Resolutions**"), each of which must be approved by at least a majority of the votes cast by Shareholders represented in person or by proxy at the Meeting who vote in respect of each of the Consolidation Resolutions:

> "RESOLVED, AS A SPECIAL RESOLUTION THAT, subject to the acceptance of the TSX Venture Exchange:
>
> *Consolidation Resolution # 1 – Consolidation on a One (1) for Three (3) Basis*
>
> 1. The Company's authorized share structure and its Articles of Incorporation, if applicable, be altered by consolidating all of the Company's issued and outstanding common shares at a consolidation ratio of one (1) post-consolidation common share for every three (3) pre-consolidation common shares (the "**Consolidation**");
>
> 2. Any fractional shares resulting from the Consolidation be: (a) rounded up to the next whole share if such fractional share is equal to or greater than one-half of a share; and (b) rounded down to the next whole share if such fractional share is less than one-half of a share;
>
> 3. The board of directors of the Company be and is hereby authorized, in its sole discretion, to determine whether or not, and when, to implement the Consolidation;
>
> 4. Subject to paragraph 5 below, the solicitors for the Company are authorized and directed to prepare and electronically file, if required, Articles of Amendment with Industry Canada;

5. The Articles of Amendment, if required, shall not be filed with Industry Canada unless and until this resolution has been deposited at the Company's records office; and

6. Any one director or officer of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the taking of such actions."

*Consolidation Resolution # 2 – Consolidation on a One (1) for Four (4) Basis*

"RESOLVED, AS A SPECIAL RESOLUTION THAT, subject to the acceptance of the TSX Venture Exchange:

1. The Company's authorized share structure and its Articles of Incorporation, if applicable, be altered by consolidating all of the Company's issued and outstanding common shares at a consolidation ratio of one (1) post-consolidation common share for every four (4) pre-consolidation common shares (the "**Consolidation**");

2. Any fractional shares resulting from the Consolidation be: (a) rounded up to the next whole share if such fractional share is equal to or greater than one-half of a share; and (b) rounded down to the next whole share if such fractional share is less than one-half of a share;

3. The board of directors of the Company be and is hereby authorized, in its sole discretion, to determine whether or not, and when, to implement the Consolidation;

4. Subject to paragraph 5 below, the solicitors for the Company are authorized and directed to prepare and electronically file, if required, Articles of Amendment with Industry Canada;

5. The Articles of Amendment, if required, shall not be filed with Industry Canada unless and until this resolution has been deposited at the Company's records office; and

6. Any one director or officer of the Company be and is hereby authorized for and on behalf of the Company to

execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the taking of such actions."

*Consolidation Resolution # 3 – Consolidation on a One (1) for Five (5) Basis*

"RESOLVED, AS A SPECIAL RESOLUTION THAT, subject to the acceptance of the TSX Venture Exchange:

1. The Company's authorized share structure and its Articles of Incorporation, if applicable, be altered by consolidating all of the Company's issued and outstanding common shares at a consolidation ratio of one (1) post-consolidation common share for every five (5) pre-consolidation common shares (the "**Consolidation**");

2. Any fractional shares resulting from the Consolidation be: (a) rounded up to the next whole share if such fractional share is equal to or greater than one-half of a share; and (b) rounded down to the next whole share if such fractional share is less than one-half of a share;

3. The board of directors of the Company be and is hereby authorized, in its sole discretion, to determine whether or not, and when, to implement the Consolidation;

4. Subject to paragraph 5 below, the solicitors for the Company are authorized and directed to prepare and electronically file, if required, Articles of Amendment with Industry Canada;

5. The Articles of Amendment, if required, shall not be filed with Industry Canada unless and until this resolution has been deposited at the Company's records office; and

6. Any one director or officer of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the

execution and delivery of such documents and instruments or the taking of such actions."

*Consolidation Resolution # 4 – Consolidation on a One (1) for Six (6) Basis*

"RESOLVED, AS A SPECIAL RESOLUTION THAT, subject to the acceptance of the TSX Venture Exchange:

1. The Company's authorized share structure and its Articles of Incorporation, if applicable, be altered by consolidating all of the Company's issued and outstanding common shares at a consolidation ratio of one (1) post-consolidation common share for every six (6) pre-consolidation common shares (the "**Consolidation**");

2. Any fractional shares resulting from the Consolidation be: (a) rounded up to the next whole share if such fractional share is equal to or greater than one-half of a share; and (b) rounded down to the next whole share if such fractional share is less than one-half of a share;

3. The board of directors of the Company be and is hereby authorized, in its sole discretion, to determine whether or not, and when, to implement the Consolidation;

4. Subject to paragraph 5 below, the solicitors for the Company are authorized and directed to prepare and electronically file, if required, Articles of Amendment with Industry Canada;

5. The Articles of Amendment, if required, shall not be filed with Industry Canada unless and until this resolution has been deposited at the Company's records office; and

6. Any one director or officer of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the taking of such actions."

The Consolidation Resolutions must be approved by at least a majority of the votes cast by shareholders who, being entitled to do so, vote in person or by proxy at the Meeting with respect to the Consolidation Resolutions. The wording of the Consolidation Resolutions set

forth above is subject to such amendments as management may propose at the Meeting but which do not materially affect the substance of the Consolidation Resolutions.

*Recommendation of the Board*

The Board has reviewed and considered all material facts relating to the Consolidation which it has considered to be relevant to shareholders. It is the unanimous recommendation of the Board that shareholders vote for the Consolidation Resolutions.

**Other Matters**

As of the date of this Information Circular, management knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

**Shareholder Proposals**

The CBCA provides, in effect, that a registered holder or beneficial owner of shares that are entitled to vote at an annual meeting of the Company may submit to the Company notice of any matter that the person proposes to raise at the meeting (referred to a "**Proposal**") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The CBCA further provides, in effect, that the Company must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Company will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to the Shareholders in connection with the previous annual meeting of Shareholders of the Company. As the notice in connection with the Meeting is dated October 6, 2017, the deadline for submitting a proposal to the Corporation in connection with the next annual general meeting of Shareholders is July 4, 2018.

**Additional Information**

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

Financial information on the Company is provided in the Company's comparative financial statements and management discussion and analysis of the most recently completed financial year ended December 31, 2016. Copies of the Company's financial statements and management discussion and analysis may be obtained upon request from the registered office of the Company at 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Tel: (604) 687-5700.

## APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

Dated at Vancouver, British Columbia, this 9th day of November, 2017.

*"Theodore Konyi"*

Theodore Konyi
CEO and Director

**SCHEDULE A**
**SMARTCOOL SYSTEMS INC.**
(the "**Company**")

**AUDIT COMMITTEE CHARTER**

**Purpose of the Committee**

The purpose of the Audit Committee (the "**Committee**") of the Board of the Company is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its oversight of:

(a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;

(b) the Company's compliance with legal and regulatory requirements related to financial reporting; and

(c) the independence and performance of the Company's independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Company's Articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chair from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("GAAP"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the

financial position, results of operations and cash flows of the Company in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

**Authority and Responsibilities**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

3. Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditors without the presence of management.

8. Review with management and the independent auditors significant related party transactions and potential conflicts of interest.

2. Pre-approve all non-audit services to be provided to the Company by the independent auditors.

3. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.

4. Establish and review the Company's procedures for the:

    (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

    (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

5. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

6. Perform such other functions and exercise such other powers as are prescribed form time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Canada Business Corporations Act* and the Articles of the Company.