

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Carl Data Solutions Inc. (the "Issuer")

Trading Symbol: CRL

Number of Outstanding Listed Securities: 46,127,416

Date: October 1, 2017

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

During the month of September 2017, the Issuer continued to focus on developing the enterprise application platform for the collection and storage of data sets. The application improves the scalability and functionality of each

acquired application with the integration of advanced analytics and machine learning. The Issuer's goal is to deliver a comprehensive data management solution for datasets of any size, type and complexity, and to continue to build a universal platform for other data-centric applications for industry and government.

The Issuer also continued its organizational integration process with acquired FlowWorks Inc. ("FlowWorks") during fiscal 2016. FlowWorks' technology helps its clients analyze and understand a combination of sensor and environmental data to manage water and waste water systems. The Issuer continues to adapt this powerful tool to take advantage of the opportunities in other data intensive verticals such as oil, power and gas, electrical utilities that are helping to drive the Industrial IoT revolution. As part of this integration, the company has taken steps to finance the expansion and development of FlowWorks' business.

During the month of February 2017, the Issuer entered into a settlement agreement with the dissenting former shareholder of FlowWorks. The terms of settlement are noted below.

The Issuer continued to work with AIP Asset Management Inc. During the month of September 2017, the Company continued to provide AIP with monthly financial report as required under the Note Purchase Agreement and entered into an amendment allowing for the early settlement of royalty payments in exchange for shares as discussed in further detail below.

2. Provide a general overview and discussion of the activities of management.

See above.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

N/A

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

N/A

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

With respect to the ongoing negotiations with the former dissenting shareholder, the Issuer is continuing its discovery process with Mr. Timothy Hicks in the Superior Court of Washington for King County. The parties involved are FlowWorks Inc. (the "Plaintiff"), a wholly-owned subsidiary of the Issuer, and Mr. Hicks (the "Defendant"). During the month of February 2017, the Issuer has entered into a settlement agreement with Mr. Hicks by agreeing to the following terms:

- (i) Cash payment of US\$1,000 within 30 days of the signing of final settlement;
- (ii) Cash payment of US\$100,000 within 90 days of the signing of final settlement;
- (iii) Issuing 444,444 common shares of the Company, subject to certain restrictions, within 5 days of the signing of final settlement with certain restrictions not yet finalized;
- (iv) Issuing 444,444 common shares of the Company, subject to certain restrictions, within 10 days of the signing of a final settlement; and
- (v) Issuing 44,444 common shares of the Company, subject to certain restrictions, within 6 months of the signing of final settlement.

During the month of September 2017, the Company made the cash payment of US\$100,000 in line with the schedule, and as a result, only 44,444 common shares, to be issued later in 2017 remain owing.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

During the month of September 2017, the Company incurred total indebtedness of \$100,000 in form a promissory note with a third-party lender. The promissory note is unsecured, non-interest bearing and upon request by the Company, convertible into common shares of the Company. During the month, the Company settled \$679,046 in debt to the third-party lender by issuing 2,611,714 common share units. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.40 for a period of two years.

During the month of September 2017, the Company entered into an agreement with AIP Asset Management Inc. to modify the terms of its Note Purchase Agreement allowing for the settlement of the remaining royalties payable of \$291,022. During the month, the Company settled the full amount of the royalty by issuing 1,119,316 common share units. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.40 for a period of two years.

14. Provide details of any securities issued and options or warrants granted.

During the month of September 2017, the Company completed the shares for debt and AIP royalty settlements as noted in point 13 for a total of 3,731,030 shares units issued.

Additionally, the Company completed the first tranche of a private placement of 2,055,000 common share units for gross proceeds of \$534,300. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.40 for a period of two years. In connection with the offering, the Company paid finder's fees of \$42,744 and granted 164,400 non-transferable finder's warrants exercisable at \$0.33 for a period of two years.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

N/A

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

N/A

### **Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 1, 2017.

Alastair Brownlow  
Name of Director or Senior Officer

"Alastair Brownlow"  
Signature

CFO  
Official Capacity

Name of Issuer <u>Carl Data Solutions Inc.</u>	For Month Ended <u>September 30, 2017</u>	Date of Report <u>October 1, 2017</u>
Issuer Address <u>1090 West Georgia Street, Suite 488</u>		
City/Province/Postal Code <u>Vancouver, BC V6E 3V7</u>	Issuer Fax No. <u>N/A</u>	Issuer Telephone No. <u>(778) 379-0275</u>
Contact Name <u>Alastair Brownlow</u>	Contact Position <u>CFO</u>	Contact Telephone No. <u>(778) 989-4533</u>
Contact Email Address <u>alastair@carlsolutions.com</u>	Web Site Address <u><a href="http://www.carlsolutions.com">www.carlsolutions.com</a></u>	