

**PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION
PRIOR TO 2:00 P.M. (VANCOUVER TIME) ON DECEMBER 28, 2017.**

This rights offering circular (this “Circular”) has been prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Circular. Any representation to the contrary is an offence.

This is the Circular we referred to in the December 6, 2017 rights offering notice (the “Notice”) which you should have already received. Your rights certificate and relevant forms were enclosed with the Notice. This Circular should be read in conjunction with the Notice and our continuous disclosure prior to making an investment decision.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements as described herein. “United States” and “U.S. persons” are as defined in Regulation S under the U.S. Securities Act.

Rights Offering Circular

December 6, 2017

CARL DATA SOLUTIONS INC.

WE CURRENTLY HAVE SUFFICIENT WORKING CAPITAL TO LAST APPROXIMATELY TWO MONTHS. WE REQUIRE 100% OF THE MINIMUM AMOUNT OF THE RIGHTS OFFERING TO LAST 12 MONTHS.

OFFERING OF RIGHTS TO SUBSCRIBE FOR UNITS AT A PRICE OF \$0.26 PER UNIT

References in this Circular to “we”, “our”, “us” and similar terms are Carl Data Solutions Inc. (“CRL”). References in this Circular to “you”, “your” and similar terms are to holders of CRL’s common shares (each, a “Common Share”). Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars.

SUMMARY OF THE RIGHTS OFFERING

Why are you reading this Circular?

We are issuing to the holders of our outstanding Common Shares of record at the close of business on December 1, 2017 (the “Record Date”), and who are resident in any province or territory of Canada (the “Eligible Jurisdictions”), rights (“Rights”) to subscribe for Units (defined below) on the terms described in this Circular (the “Rights Offering”). The purpose of this Circular is to provide you with detailed information about your rights and obligations in respect of the Rights Offering. This Circular should be read in conjunction with the Notice.

What is being offered?

Each holder of Common Shares on the Record Date who is resident in an Eligible Jurisdiction will be offered one Right for each Common Share held. There are currently 55,211,656 Common Shares held by holders who are resident in the Eligible Jurisdictions and, accordingly, an aggregate of 55,211,656 Rights will be offered under the Rights Offering.

Who is eligible to receive Rights?

The Rights are being offered only to shareholders resident in the Eligible Jurisdictions (the “**Eligible Holders**”). Shareholders will be presumed to be resident in the place shown on their registered address, unless the contrary is shown to our satisfaction. Neither the Notice nor this Circular is to be construed as an offering of the Rights, nor are the Units issuable upon exercise of the Rights offered for sale, in any jurisdiction outside of the Eligible Jurisdictions or to shareholders who are residents of any jurisdiction (“**Ineligible Jurisdictions**”) other than the Eligible Jurisdictions (the “**Ineligible Holders**”). Instead, Ineligible Holders will be sent a letter advising them that their Rights will be held by Computershare Investor Services Inc. (the “**Depository**”), who will hold such Rights as agent for the benefit of all such Ineligible Holders. See “*How to exercise the Rights? Who is eligible to receive the Rights?*”

What does one Right entitle you to receive?

Each Right entitles an Eligible Holder to subscribe for one-fifth of a unit of CRL (each whole unit, a “**Unit**”) at a subscription price of \$0.26 per Unit (the “**Basic Subscription Privilege**”) until 2:00 p.m. (Vancouver time) until December 28, 2017. Therefore, five Rights will be required to purchase one Unit.

Each Unit consists of one Common Share and one listed transferable Common Share purchase warrant (a “**Warrant**”), each Warrant being exercisable for a two-year period from the date of issuance of the Units at a price of \$0.35 per Common Share, if exercised within six months of the date of issuance and at a price of \$0.40 per Common Share thereafter. Subscriptions for fractional Units will be rounded down to the nearest whole number. If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe, *pro rata*, for Units (the “**Additional Units**”) not otherwise purchased, if any, pursuant to the Basic Subscription Privilege at the price of \$0.26 per Additional Unit (the “**Additional Subscription Privilege**”).

What is the subscription price?

Eligible Holders must pay CAD\$0.26 per Unit to exercise the five Rights (the “**Subscription Price**”) to purchase one Unit.

When does the offer expire?

2:00 p.m. (Vancouver time) on December 28, 2017 (the “**Expiry Date**”).

What are the significant attributes of the Rights issued under the Rights Offering and the securities to be issued upon the exercise of the Rights?

Five Rights entitles you to subscribe for one Unit at the Subscription Price. The Rights are transferable. See *"How does a Rights holder sell or transfer Rights?"* A Right does not entitle the holder thereof to any rights whatsoever as a securityholder of CRL other than the right to subscribe for and purchase Units on the terms and conditions described herein.

We are authorized to issue an unlimited number of Common Shares, of which 55,211,656 are issued and outstanding as at the date hereof. Holders of the Common Shares are entitled to dividends if, as and when declared by our directors, to one vote per share at meetings of our shareholders and, upon liquidation, to receive such assets of CRL as are distributable to the holders of the Common Shares.

The Warrants will be issued pursuant to the terms of an indenture to be entered into between CRL and Computershare Trust Company of Canada. Holders of Warrants do not have any rights as a shareholder. 16,455,170 common share purchase warrants were outstanding as at the date hereof.

What are the minimum and maximum number or amount of Units that may be issued under the Rights Offering?

A minimum of 8,461,538 Units (the **"Minimum Offering"**) and a maximum of 11,042,331 Units (the **"Maximum Offering"**) will be issued under the Rights Offering.

See also *"Soliciting Dealer and Stand-By Commitment"* for a description of the Stand-by Guarantee (as defined below) to be provided by MRCC (as defined below).

Where will the Rights and the securities issuable upon the exercise of the Rights be listed for trading?

The Rights will be listed for trading on the Canadian Securities Exchange (the **"CSE"**) under the trading symbol **"CRL.RT"**.

The Common Shares issuable upon the exercise of the Rights will be listed on the CSE under the trading symbol **"CRL"**.

The Warrants issuable upon the exercise of the Rights are expected to be listed on the CSE, subject to meeting the minimum listing requirements of the CSE under the trading symbol **"CRL.WT"**.

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this Circular include, without limitation, statements with respect to: our expectations regarding the estimated costs of the Rights Offering and the net proceeds to be available upon completion; the use of proceeds

from the Rights Offering and the availability of funds from sources other than the Rights Offering; the listing of the Rights and the Warrant on the CSE; and our ability to continue as a going concern.

Forward-looking statements are subject to a number of risks and uncertainties that may cause our actual results to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, us. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainties relating to the availability and cost of funds; closing the Rights Offering; delays in obtaining or failure to obtain required approvals to complete the Rights Offering, the Stand-by Guarantee and the listing of the Warrants; the uncertainty associated with estimating costs to complete the Rights Offering, including those yet to be incurred; and other risks related to our business and the Rights Offering and the Stand-by Guarantee.

The information contained herein and any forward-looking statement speaks only as of the date on which it is made and is subject to change. We disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Rights Offering?

If all Rights are exercised, we will have approximately \$2,393,905 in available funds. If only the Minimum Offering is subscribed for, we will have approximately \$1,790,000 in available funds. We expect the Minimum Offering from the Rights Offering will be sufficient to meet our working capital requirements for the 12 months from the date of this Circular.

		Assuming Minimum Offering or Stand-by Guarantee Only (\$)	Assuming 100% of Rights Offering (\$)
A	Amount to be raised by the Rights Offering ⁽¹⁾	2,200,000	2,871,006
B	Selling commissions and fees ⁽¹⁾⁽²⁾	260,000 ⁽³⁾	327,101 ⁽³⁾
C	Estimated Rights Offering costs (e.g., legal, accounting, audit)	150,000	150,000
D	Available funds: D = A - (B+C)	1,790,000	2,393,905
E	Additional sources of funding	N/A	N/A
F	Working capital deficiency ⁽⁴⁾	300,000	300,000
G	Total: G = (D+E) - F	1,490,000	2,093,905

(1) Rounded to the nearest whole dollar.

(2) Represents cash fees payable to MRCC exclusive of general sales tax. See "Soliciting Dealer and Stand-by Commitment".

(3) Includes a corporate finance fee of \$40,000.

(4) This amount is given as at November 30, 2017 and does not reflect the effect on the Company's working capital of the Company's recently completed non-brokered private placement of units for gross proceeds of \$1,686,600.

As indicated in the Company's audited financial statements for the year ended June 30, 2017, the Company had working capital deficiency of \$801,163 as at June 30, 2017. Effective September 5, 2017, the Company completed the first tranche of a private placement of units of the Company for gross proceeds of \$534,300 and various debt settlements, whereby an aggregate of \$970,068 due by the Company under various loans and notes was settled through the issuance of an aggregate of 3,731,030 units of the Company, which transactions had a positive effective effect on the Company's working capital position. Effective October 25, 2017, the Company completed the second tranche of its private placement of units of the Company for gross proceeds of \$420,894 and various debt settlements, whereby an aggregate of \$79,500 due by the Company to three directors of the Company was settled through the issuance of an aggregate of 305,768 units of the Company, which transactions had a positive effective effect on the Company's working capital position. On November 27, 2017, the Company completed a private placement of units of the Company for gross proceeds of \$1,686,600, which had a positive effect on the Company's working capital position.

How will we use the available funds?

The proceeds of the Offering are expected to be used for research and development, sales and marketing, for general corporate and operating purposes, for the repayment of debt and for unallocated working capital.

Description of intended use of available fund listed in order of priority	Assuming Minimum Offering (\$)	Assuming 100% of Rights Offering (\$)
Research and Development	640,000	843,905
General Corporate and Operating Costs	550,000	700,000
Sales and Marketing	N/A	250,000
Repayment of Debt	300,000	300,000
Total (Equal to G in the table above)	1,490,000	2,093,905

Debt Repayment

Approximately \$300,000 of the proceeds from the Offering will be used to repay debt. The debt primarily consists of professional fees, payables for hardware and software expenses, consulting fees and loans from shareholders. Consulting fees of \$10,359 and expenses of \$25,219 will be paid to Gregory Johnston, our President and CEO, and \$1,650 will be paid to Alastair Brownlow, our CFO.

Research and Development

The expenditures related to research and development primarily relate to the development and launch of the following products:

- custom dataloggers – we are currently developing prototypes and anticipate beginning testing on first prototype in early 2018. We must complete field testing and certification to make the product ready for commercial production, which we anticipate will cost \$30,000 for prototype development, testing and certification. We expect that our first batch of certified units will cost approximately \$1,500 per unit and will be ready for production in Spring 2018.

- custom sensors – we are currently developing prototypes and anticipate beginning testing on a first prototype in January 2018 at a cost of \$25,000. We will complete testing and certification to make the product ready for commercial production, which we anticipate beginning in Spring 2018 at a cost of \$1000 per unit.
- custom gateway – telemetry solution for transferring data from sensors to applications: we are currently developing prototypes and anticipate beginning testing on a first prototype in early 2018. We will complete testing at a cost of \$45,000 and to have the product ready for commercial production at a cost of \$2,500 per unit by Summer 2018.
- cloud infrastructure update, custom web services, new application features and machine learning enhancements for applications – we are continuing development and anticipate beginning testing in early 2018. The first features of our new backend infrastructure will begin to be released in early 2018. The total cost of the project will be \$600,000.

General working capital and operating costs are approximately \$50,000 per month and are required for the continued operation of our business.

Sales and marketing expenses related to expense for the sale of our FlowWorks product. FlowWorks contains a powerful suite of data collection, monitoring, analysis, and reporting tools enabling users to efficiently manage all monitoring systems through a single web interface.

We have not attained profitable operations and are dependent upon obtaining financing to pursue our proposed business activities. For these reasons there is no assurance that we will be able to continue as a going concern.

We intend to spend the available funds as stated. We will reallocate funds for sound business reasons.

How long will the available funds last?

We estimate that the Minimum Offering proceeds from the Rights Offering will provide sufficient funds to last at least 12 months.

We expect to incur operating losses for the foreseeable future in the development of our business and expects that we will require additional financing. Our only present means of acquiring investment capital or generating positive cashflow is by means of the sale of our securities. Although we have been successful in the past in obtaining financing, there is no assurance that we will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

INSIDER PARTICIPATION

Will insiders be participating?

Upon reasonable inquiry, as of the date of this Circular, it is not known whether Insiders (as defined in applicable Canadian securities legislation) intend to participate in the Rights Offering.

Who are the holders of 10% or more of our securities before and after the Rights Offering?

To the knowledge of the directors and senior officers of CRL, as at the date hereof, no person or company currently beneficially owns, directly or indirectly, or controls or directs more than 10% of any class of CRL's voting securities, and no persons or companies, will beneficially own, directly or indirectly, or control or direct more than 10% of CRL's voting securities after the Rights Offering, other than as set forth below or

herein. Please refer to the table under the heading “*What are the security holdings of MRCC before and after the Rights Offering?*” below for a summary of the voting securities of CRL that MRCC will hold before and after the Rights Offering.

Name of Shareholder	Holdings before the Offering ⁽¹⁾	Holdings after the Minimum Offering ⁽²⁾	Holdings after the Maximum Offering ⁽³⁾
Bradley Scharfe ⁽⁴⁾⁽⁵⁾	6,364,202 (11.6%)	7,637,042 (11.7%)	7,637,042 (11.2%)

- (1) Based on 55,211,656 issued and outstanding Common Shares as of the date of this Circular.
- (2) Based on 65,500,116 issued and outstanding Common Shares, assuming the Minimum Offering, the exercise of the MRCC Options and that Mr. Scharfe exercises the Basic Subscription Privilege in respect of 100% of his Rights.
- (3) Based on 68,338,989 issued and outstanding Common Shares, assuming the Maximum Offering, the exercise of the MRCC Options and that Mr. Scharfe exercises the Basic Subscription Privilege in respect of 100% of his Rights.
- (4) These Common Shares are registered in the name of Scharfe Holdings Inc. (“**Scharfe Holdings**”). Scharfe Holdings is wholly owned and controlled by Bradley Scharfe and Mr. Scharfe is the beneficial owner of all of the securities of the Company owned by Scharfe Holdings.
- (5) Does not include (i) 1,442,488 warrants registered in the name of Scharfe Holdings, each of which is exercisable into one Common Share at a price of \$0.40 per Common Share until September 5, 2019, and (ii) 1,315,384 warrants registered in the name of Scharfe Holdings, each of which is exercisable into one Common Share at a price of \$0.40 per Common Share until November 27, 2019, subject to acceleration in the event that the Common Shares trade at a price of greater than \$0.75 per Common Share for ten consecutive days.

DILUTION

If you do not exercise your Rights, by how much will your security holdings be diluted?

Assuming that we issue the maximum number of Units under the Rights Offering and you do not subscribe for any Units, your shareholdings will be diluted by approximately 19.2%.

SOLICITING DEALER AND STAND-BY COMMITMENT

Who is the soliciting dealer/stand-by guarantor and what are the fees?

We have entered into an exclusive soliciting dealer and stand-by commitment agreement with Mackie Research Capital Corporation (“**MRCC**”) dated December 6, 2017. MRCC will use commercially reasonable efforts to assist us in soliciting the exercise of Rights in the Eligible Jurisdictions.

MRCC has also agreed to an unconditional stand-by commitment whereby it will purchase up to but not exceeding \$1,700,000 worth of Units in order to achieve the Minimum Offering, provided that at least \$500,000 of Rights have been exercised (the “**Stand-by Guarantee**”). For example, if we have received subscriptions for \$550,000 of Units by the Expiry Date, then MRCC will be obligated to purchase \$1,650,000 of Units under the Stand-by Guarantee in order to complete the Minimum Offering.

MRCC will also have the right, but not the obligation, to purchase (the “**Top-up Right**”) such number of Units that is equal to the number of Units for which we have not received subscriptions by the close of business on the Expiry Date (the “**Offering Shortfall**”), subject to the limitation that MRCC may not exercise that portion of the Top-up Right or exercise any MRCC Options (as defined below) that would result in MRCC holding greater than 19.9% of the issued and outstanding Common Shares at that time (the “**Control Restriction**”). The Top-up Right may be exercised by MRCC, in its sole discretion in whole, or in part (subject to the Control Restriction), or not at all, within two business days following receipt of notice by us of the Offering Shortfall. For example, if the Offering Shortfall is \$200,000 (i.e. as at the Expiry Date we have

received subscriptions for Units that is \$200,000 less than the Maximum Offering) then we will provide notice of the Offering Shortfall to MRCC whom may elect to purchase up to \$200,000 of Units under the Top-up Right (subject to the Control Restriction), provided that MRCC will not be obligated to purchase any Units under the Top-up Right.

We will pay MRCC a fee of \$40,000 plus disbursements and applicable taxes, and a cash commission of 10% of the gross proceeds raised pursuant to the exercise by Eligible Holders of their Rights under the Rights Offering (the “**Commission**”). Except for the \$21,000 (plus GST), which we have already paid to MRCC, the Commission will be payable from the proceeds of the Rights Offering. We will also grant MRCC options (each, an “**MRCC Option**”) to acquire that number of Units as is equal to 25% of the number of Units distributed pursuant to the Rights Offering for proceeds of up to \$1,700,000 and 10% of the remaining number of Units distributed pursuant to the Rights Offering, exercisable at a price per Unit equal to \$0.26 for a period of twenty-four months from the date of closing of the Rights Offering. The exercise of the MRCC Options will be subject to the Control Restriction.

Have we confirmed that MRCC has the financial ability to carry out its stand-by commitment?

Yes.

What are the security holdings of MRCC before and after the Rights Offering?

Class of Security	Holdings before the offering	Holdings after the Rights Offering if MRCC subscribes for the entire Stand-by Guarantee ⁽¹⁾	Holdings after the Rights Offering if MRCC subscribes for the entire Stand-by Guarantee and the maximum permitted amount of the Top-up Right ⁽¹⁾
Common Shares	Nil	6,538,461 (10.3%) ⁽²⁾⁽³⁾	9,119,254 (13.8%) ⁽⁴⁾⁽⁵⁾
Warrants	N/A	6,538,461 ⁽³⁾	9,119,254 ⁽⁵⁾

(1) Assumes no MRCC Options are exercised.

(2) Based on 63,673,194 issued and outstanding Common Shares assuming the Minimum Offering. Also assumes that MRCC does not exercise the Top-Up Right.

(3) Assuming completion of the Minimum Offering amount, that MRCC subscribes for the entire Stand-by Guarantee and that MRCC exercises all 6,538,461 Warrants, 1,826,922 MRCC Options issued to it and 1,826,922 Warrants underlying such MRCC Options, MRCC will hold 16,730,766 Common Shares, representing 22.7% of the 73,865,499 outstanding Common Shares on a partially diluted basis. MRCC has agreed to the Control Restriction and as result will not exercise the Top-up Right or any MRCC Options if it would result in MRCC holding greater than 19.9% of the issued and outstanding Common Shares at the time.

(4) Based on 66,253,987 issued and outstanding Common Shares, assuming the Maximum Offering.

(5) Assuming completion of the Maximum Offering amount, that MRCC subscribes for the entire Stand-by Guarantee and that MRCC exercises all 9,119,254 Warrants, 2,085,002 MRCC Options issued to it and 2,085,002 Warrants underlying such MRCC Options, MRCC will hold 22,408,512 Common Shares, representing 28.2% of the 79,543,245 outstanding Common Shares on an undiluted basis. MRCC has agreed to the Control Restriction and as result will not exercise the Top-up Right or any MRCC Options if it would result in MRCC holding greater than 19.9% of the issued and outstanding Common Shares at the time.

Does the soliciting dealer have a conflict of interest?

No.

HOW TO EXERCISE THE RIGHTS

How does a security holder that is a registered holder participate in the Rights Offering?

If you are a registered holder of Common Shares in an Eligible Jurisdiction, a certificate (the “**Rights Certificate**”) representing the total number of transferable Rights to which you are entitled as of the Record Date will be mailed to you with a copy of the Notice. To exercise the Rights represented by the Rights Certificate, you must complete and deliver the Rights Certificate in accordance with the instructions set out below. Rights not exercised at or prior to 2:00 p.m. (Vancouver time) on the Expiry Date (the “**Expiry Time**”) will be void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights Certificate and delivery to the Depositary will only be effective when actually received by the Depositary at its office. See “*Appointment of Depositary – Who is the Depositary?*” Rights Certificates and payments received after the Expiry Time will not be accepted.

In order to exercise your Rights you must:

1. **Complete and sign Form 1 on the Rights Certificate.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. If you complete Form 1 so as to exercise some but not all of the Rights evidenced by the Rights Certificate, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Depositary at the time the Rights Certificate is surrendered to the Depositary.
2. **Additional Subscription Privilege.** Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See “*How to Exercise the Rights? – What is the Additional Subscription Privilege?*”
3. **Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** In order to purchase one Unit, you must own five Rights and pay a price of \$0.26 per Unit. In addition to the amount payable for any Units you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Units subscribed for under the Additional Subscription Privilege.
4. **Delivery.** Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Depositary at the address below so that it is received before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

Computershare Investor Services Inc.
P.O. Box 7021
31 Adelaide St. E.
Toronto, ON M5C 3H2

Attention: Corporate Actions

The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Depositary. We will determine all questions as to the validity, form, eligibility (including time of

receipt) and acceptance of any subscription in our sole discretion. Subscriptions are irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Units pursuant thereto could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither we nor the Depositary is under any duty to give any notice of any defect or irregularity in any subscription, nor will we or the Depositary be liable for the failure to give any such notice.

How does a security holder that is not a registered holder participate in the Rights Offering?

You are a beneficial Eligible Holder if you hold your Common Shares through a securities broker or dealer, bank or trust company or other participant (each, a “**Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). The total number of Rights to which all beneficial Eligible Holders as of the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to the Eligible Holder from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither we nor the Depositary will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant, the Subscription Price for each Unit that you wish to subscribe for; and
2. you may subscribe for Additional Units pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Units you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Units requested.

Any excess funds will be returned to the applicable Participant for the account of the beneficial holder, without interest or deduction.

Can I combine, exchange or divide my Rights Certificate?

Rights Certificates may be combined, divided or exchanged by delivering such Rights Certificates, accompanied by appropriate instructions or a completed Form 4 on the Rights Certificate, to the office listed under the heading “*Appointment of Depositary – Who is the Depositary?*”. Rights Certificates must be surrendered for division, combination or exchange by such date as will permit new Rights Certificates to be issued and used by the holder thereof prior to the Expiry Time.

Who is eligible to receive Rights?

The Rights Offering is only being made to Eligible Holders. The Rights are not being offered to persons who are or appear to be, or we have reason to believe are, resident in Ineligible Jurisdictions, nor will we accept subscriptions from any shareholder or from any transferee of Rights who is or appears to be, or who we

have reason to believe is, resident in an Ineligible Jurisdiction. Rights Certificates will not be distributed to any shareholders whose addresses of record are in any Ineligible Jurisdiction (“**Ineligible Shareholders**”). Rights may not be exercised by or on behalf of an Ineligible Shareholder. CDS Participants may not issue Rights to Ineligible Shareholders.

Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to our satisfaction.

What is the Additional Subscription Privilege and how can you exercise this privilege?

A holder of a Rights Certificate who is not an Ineligible Shareholder and who has exercised all the Rights evidenced by such Rights Certificate may subscribe for Additional Units, if available, at the Subscription Price. Additional Units will be allocated from those Units, if any, available as a result of Rights that are unexercised by the Expiry Time. A holder who exercises the Additional Subscription Privilege will receive the lesser of (i) the number of Units that holder subscribes for under the Additional Subscription Privilege, and (ii) the number of Units that is equal to the aggregate number of Units available through unexercised Rights multiplied by the quotient of the number of Rights previously exercised by such holder under the Rights Offering divided by the aggregate number of Rights previously exercised under the Rights Offering by holders of Rights that have subscribed for Units under the Additional Subscription Privilege.

A Rights holder may subscribe for Additional Units by (i) completing Form 2 on the Rights Certificate, and (ii) delivering the Rights Certificate, together with payment for those Additional Units, to the Depositary on or before the Expiry Time. If payment for all Additional Units subscribed for pursuant to the Additional Subscription Privilege does not accompany the subscription, the over-subscription will be invalid.

If the Rights Offering is fully subscribed, then the funds included for any over-subscriptions will be returned by the Depositary to the relevant shareholders. If the Rights Offering is not fully subscribed, certificates representing the Common Shares and Warrants underlying the Units due to shareholders as a result of over-subscriptions will be delivered by us together with the certificates representing such securities due to those shareholders pursuant to their subscriptions in accordance with the Basic Subscription Privilege. In addition, the Depositary will return to any over-subscribing shareholder within 30 calendar days of the Expiry Date any excess funds paid in respect of an oversubscription for Units where the number of Additional Units available to that shareholder is less than the number of Additional Units subscribed for. No interest will be payable in respect of any excess funds returned to shareholders.

How does a holder of Rights sell or transfer Rights?

The Rights will trade on the CSE under the trading symbol “CRL.RT” until 2:00 p.m. on December 28, 2017. Holders of Rights Certificates not wishing to exercise their Rights may sell or transfer them directly or through their securities broker or dealer at the shareholder’s expense, to persons resident in Eligible Jurisdictions, subject to any applicable resale restrictions. Rights Certificates will not be registered in the name of an Ineligible Shareholder. Holders of Rights Certificates may elect to exercise only a part of their Rights and dispose of the remainder, or dispose of all of their Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

When can you trade securities issuable upon the exercise of your Rights?

The Common Shares underlying the Units issuable upon the exercise of your Rights will be listed on the CSE under the trading symbol “CRL” and will be available for trading on or about December 29, 2017.

The Warrants issuable upon the exercise of the Rights are expected to be listed on the CSE, subject to meeting the minimum listing requirements of the CSE, under the trading symbol "CRL.WT".

The Rights will be listed on the CSE under the trading symbol "CRL.RT".

Are there restrictions on the resale of securities?

The Common Shares and Warrants comprising the Units issuable upon exercise of Rights distributed to shareholders in the Eligible Jurisdictions may be resold without hold period restrictions under applicable securities laws of the Eligible Jurisdictions provided that: (i) the sale is not by a "control person" of CRL; (ii) no unusual effort is made to prepare the market or create a demand for the securities being resold; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (iv) if the selling security holder is an insider or officer of CRL, the selling security holder has no reasonable grounds to believe that CRL is in default of securities legislation.

The Rights and the Common Shares and Warrants that comprise the Units issuable upon the exercise of the Rights may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person.

Will we issue fractional underlying securities upon exercise of the Rights?

No. Where the exercise of Rights would appear to entitle a holder of Rights to receive a fractional Unit, the holder's entitlement will be reduced to the next lowest whole number of Units.

APPOINTMENT OF DEPOSITARY

Who is the Depositary?

Computershare Investor Services Inc. is the depositary for the Rights Offering. The Depositary has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

What happens if we do not receive funds from the stand-by guarantor?

We have entered into an agreement with the Depositary under which the Depositary will return the money held by it to holders of rights that have already subscribed for Units under the Rights Offering if we do not receive funds under the Stand-by Guarantee and the amount of subscription funds does not reach \$1,700,000 worth of Units.

ADDITIONAL INFORMATION

Where can you find more information about us?

You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at www.sedar.com.

MATERIAL FACTS AND MATERIAL CHANGES

There is no material fact or material change about us that has not been generally disclosed.