

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".

The securities offered by this short form prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States (as such term is defined under Regulation S promulgated under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This short form prospectus 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. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President of Drone Delivery Canada Corp. at 6-6150 Highway 7, Suite 441, Vaughan, Ontario, L4H 0R6, telephone (416) 361-6167, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

October 11, 2017



Drone Delivery Canada Corp.

\$15,015,000

23,100,000 Common Shares

\$0.65 per Common Share

This short form prospectus (the "**Prospectus**") is being filed in each of the provinces of Canada (the "**Qualifying Jurisdictions**") by Drone Delivery Canada Corp. (the "**Company**") to qualify the distribution of 23,100,000 common shares in the capital of the Company (each, an "**Offered Share**") at a price of \$0.65 per Offered Share (the "**Offering Price**") for gross proceeds of \$15,015,000 (the "**Offering**"). The Offered Shares will be issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated October 11, 2017 between the Company and GMP Securities L.P. (the "**Underwriter**"). See "**Plan of Distribution**".

The Company has granted to the Underwriter an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, at any time and from time to time in the sole discretion of the Underwriter, for a period of thirty (30) days from the closing of the Offering, to purchase up to an additional 3,465,000 common shares of the Company (the "**Option Shares**") at the Offering Price, representing up to 15% of the Offered Shares issued pursuant to the Offering, to cover over-allocations, if any, and for market stabilization purposes. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Option Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Option Shares forming part of the Underwriter's over-allocation position acquires such Option Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. References in this Prospectus to the "Offered Shares" includes the Option Shares, and references in this Prospectus to the "Offering" includes the Over-Allotment Option, if and to the extent exercised. See "**Plan of Distribution**".

The common shares in the capital of the Company ("**Common Shares**") are traded on the Canadian Securities Exchange (the "**CSE**") under the symbol "FLT", on the OTCQB Venture Market in the United States under the symbol "TAKOF" and on the Frankfurt Stock Exchange under the symbol "A2AMGZ". On October 4, 2017 the last trading day prior to the announcement of the Offering, the closing prices of the Common Shares on the CSE, the OTCQB Venture Market and the Frankfurt Stock Exchange were \$0.73, U.S.\$0.585 and €0.50, respectively, and on October 10, 2017, the last trading

day prior to the filing of this Prospectus, the closing prices of the Common Shares on the CSE, the OTCQB Venture Market and the Frankfurt Stock Exchange were \$0.70, U.S.\$0.564 and €0.47, respectively.

	Price to the Public ⁽¹⁾	Underwriter's Fee ⁽²⁾	Net Proceeds to the Company ⁽³⁾
Per Offered Share	\$0.65	\$0.039	\$0.611
Total ⁽⁴⁾	\$15,015,000	\$900,900	\$14,114,100

- (1) The Offering Price was determined by arm's length negotiation between the Company and the Underwriter, with reference to the prevailing market price of the Common Shares.
- (2) In consideration for the services rendered by the Underwriter in connection with the Offering, the Underwriter will be paid a cash fee (the "**Underwriter's Fee**") equal to 6% of the gross proceeds of the Offering (including pursuant to any exercise of the Over-Allotment Option). In addition, the Underwriter will be issued non-transferable warrants ("**Broker Warrants**") entitling the Underwriter to purchase that number of Common Shares equal to 6% of the number of Offered Shares sold pursuant to the Offering (including pursuant to any exercise of the Over-Allotment Option) (the "**Underwriter's Shares**"). Each Broker Warrant entitles the holder to purchase one Underwriter's Share at the Offering Price for a period of 24 months from the closing of the Offering. This Prospectus qualifies the grant of the Broker Warrants to the Underwriter. See "*Plan of Distribution*" and "*Description of the Securities Being Distributed - Broker Warrants*".
- (3) After deducting the Underwriter's Fee, but before deducting expenses of the Offering (estimated to be approximately \$250,000), including in connection with the preparation and filing of this Prospectus, which will be paid from the gross proceeds of the Offering.
- (4) If the Over-Allotment Option is exercised in full through the purchase of Option Shares, the total Price to the Public, Underwriter's Fee and Net Proceeds to the Company will be \$17,267,250, \$1,036,035 and \$16,231,215, respectively, before deducting the expenses of the Offering.

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Company to the Underwriter and which are exercisable to acquire Common Shares:

Underwriter's Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option ⁽¹⁾	3,465,000 Option Shares	Exercisable for a period of 30 days from closing of the Offering	\$0.65 per Option Share
Broker Warrants ⁽¹⁾	1,593,900 Underwriter's Shares ⁽²⁾	Exercisable for a period of 24 months from closing of the Offering	\$0.65 per Underwriter's Share
Total	5,058,900 Common Shares ⁽²⁾		

- (1) This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Option Shares issuable upon exercise of the Over-Allotment Option, as well as the grant of the Broker Warrants to the Underwriter. See "*Plan of Distribution*".
- (2) Assumes Broker Warrants to purchase 207,900 Underwriter's Shares are issued to the Underwriter in connection with the full exercise of the Over-Allotment Option. If the Over-Allotment Option is not exercised, Broker Warrants to purchase only 1,386,000 Underwriter's Shares will be issued and the aggregate maximum number of Common Shares that may be issued will be 4,851,000.

The Underwriter, as principal, conditionally offers the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement. See "*Plan of Distribution*".

The Offering Price for the Offered Shares offered under this Prospectus was determined by arm's length negotiation between the Company and the Underwriter. The Underwriter may offer the Offered Shares at a price lower than that stated above. See "*Plan of Distribution*". Notwithstanding any such reduction by the Underwriter in the Offering Price, the Company will still receive net proceeds of \$0.611 per Offered Share purchased by the Underwriter under the Offering.

Subscriptions for the Offering will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about October 25, 2017 or such other date as the Underwriter and the Company may agree upon (the "**Closing Date**"); however, the Offered Shares offered pursuant to this Prospectus are to be taken up by the Underwriter, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus. The Offered Shares will be issued as non-certificated securities registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**"), and no certificates representing Offered Shares will be issued under the Offering, except in certain limited circumstances. See "*Plan of Distribution*" and "*Depository Services*". A purchaser of Offered Shares, including a purchaser of Offered Shares in the United States that is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act

(“**Qualified Institutional Buyer**”), will receive only a customer confirmation from the CDS participant through which Offered Shares are purchased. See “*Depository Services*”.

Certain legal matters in connection with the Offering and this Prospectus have been or will be reviewed on behalf of the Company by Irwin Lowy LLP and on behalf of the Underwriter by Fasken Martineau DuMoulin LLP.

An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company’s business and the current stage of operations. An investment in the Common Shares (including the Offered Shares) is subject to certain risks, including that there is currently no legislation or regulatory regime specific to commercial drone use in Canada, and there can be no assurance that such legislation or regime will be enacted. Prospective investors should carefully review and consider the risk factors described in and incorporated by reference in this Prospectus. See “*Forward-Looking Information*” and “*Risk Factors*” in this Prospectus and in the AIF (as defined herein), “*Forward Looking Statements*”, “*Financial Risk Factors*” and “*Risks and Uncertainties*” in the Annual MD&A (as defined herein) and “*Forward Looking Statements*”, “*Financial Risk Factors*” and “*Risks and Uncertainties*” in the Interim MD&A (as defined herein).

You should rely only on the information contained in this Prospectus (including the documents incorporated herein by reference). Neither the Company nor the Underwriter have authorized anyone to provide you with information different from that contained in this Prospectus. Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

The Company’s head office is located at 6-6175 Highway 7, Suite 441, Vaughan, Ontario, L4H 0R6. The Company’s registered office is located at 1100-736 Granville Street, Vancouver, British Columbia, V6Z 1G3.

All references herein to “\$” are to Canadian dollars unless otherwise specified.

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FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated into this Prospectus contain “forward-looking information” within the meaning of applicable Canadian securities laws (such forward-looking information being hereinafter referred to as “forward-looking statements”). Forward-looking statements are based on expectations, estimates and projections as at the date of this Prospectus or the dates of the documents incorporated by reference herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects”, “is expected”, “anticipates”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company; market position; ability to compete and future financial or operating performance of the Company; anticipated developments in the operations of the Company; the timing and amount of funding required to execute the Company’s business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company’s management, as well as on assumptions, which management of the Company believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: the uncertainty regarding legislation or regulatory framework for commercial drone use in Canada; operational risks; regulation and permitting; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products and services; maintenance of technology infrastructure; privacy protection; development costs; product defects; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and global financial conditions; which are outlined under the heading “*Risk Factors*” in the AIF, which is incorporated herein by reference.

The lists of risk factors set out herein and/or in the documents incorporated by reference into this Prospectus are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Prospectus generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, global financial and credit markets have experienced significant debt and equity market and commodity price volatility, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, prospective investors should not place undue reliance on forward-looking statements.

FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

ELIGIBILITY FOR INVESTMENT

In the opinion of Irwin Lowy LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriter, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder in force on the date hereof, proposals to amend the Tax Act or the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”), if and provided that the Offered Shares are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the CSE), or if the Company is a “public corporation” as defined in the Tax Act, Offered Shares issued pursuant to the Offering will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSAs**”) (collectively, “**Deferred Plans**”).

Notwithstanding that the Offered Shares may be a “qualified investment” as referred to above, individuals who hold these securities in a trust governed by a TFSA, RRSP or RRIF will be subject to a penalty tax if the securities are a “prohibited investment” for that TFSA, RRSP or RRIF, as the case may be. The Offered Shares would generally not be a “prohibited investment” provided the annuitant of the relevant Deferred Plan (i) deals at arm’s length with the Company for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Company. The 2017 federal budget and draft legislation released on September 8, 2017 contain proposals to amend the Tax Act to extend the application of the prohibited investment rules to RESPs and RDSPs. **Purchasers who may wish to hold their Offered Shares in a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF are advised to consult their own tax advisors in advance regarding the “prohibited investment” rules, having regard to their own particular circumstances.**

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President of the Company at 6-6150 Highway 7, Suite 441, Vaughan, Ontario, L4H 0R6, telephone (416) 361-6167, and are also available electronically at www.sedar.com. The filings of the Company through the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Company with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- a) the annual information form of the Company, dated May 3, 2017, for the year ended December 31, 2016 (the “**AIF**”);
- b) the audited consolidated financial statements of the Company for the year ended December 31, 2016 and the related notes thereto and auditor’s report thereon (the “**Annual Financial Statements**”);
- c) the Company’s management’s discussion and analysis for the year ended December 31, 2016 (the “**Annual MD&A**”);
- d) the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2017 and the related notes thereto (the “**Interim Financial Statements**”);
- e) the Company’s management’s discussion and analysis for the six months ended June 30, 2017 (the “**Interim MD&A**”);
- f) the material change report of the Company dated February 28, 2017 with respect to the closing of a brokered private placement offering;

- g) the management information circular of the Company dated June 15, 2017 in respect of the Company's annual meeting of shareholders held on July 20, 2017;
- h) the template version of the term sheet for the Offering dated as of October 5, 2017 summarizing the terms of the Offering (the "**Term Sheet**"); and
- i) the amended template version of the term sheet for the Offering dated as of October 5, 2017, to include Quebec as a Qualifying Jurisdiction (the "**Amended Term Sheet**").

Any other documents of the type referred to in National Instrument 44-101 — *Short Form Prospectus Distributions* ("**NI 44-101**") required to be incorporated by reference in a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), financial statements and related management's discussion and analysis, business acquisition reports and information circulars, if filed by the Company with the provincial securities commissions or similar authorities in Canada subsequent to the date of this Prospectus and prior to the completion of the distribution of the Offered Shares, are deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that is used by the Underwriter in connection with the Offering does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company's profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

The Term Sheet and the Amended Term Sheet are not a part of this Prospectus to the extent that the contents of the Term Sheet and the Amended Term Sheet have been modified or superseded by a statement contained in this Prospectus. The Term Sheet has been modified to reflect that the Offered Shares will be offered in the Province of Quebec, as set forth in the Amended Term Sheet.

THE COMPANY

The Company was incorporated as "Asher Resources Corporation" under the *Business Corporations Act* (British Columbia) on February 2, 2011. Effective June 6, 2016 the Company completed a business combination transaction whereby (i) it changed its name to "Drone Delivery Canada Corp." (ii) it consolidated its common shares on a 4:1 basis, and (iii) its wholly-owned subsidiary 2500527 Ontario Ltd. amalgamated with Drone Delivery Canada Inc. ("**Former Drone Inc.**") to form the amalgamated wholly-owned subsidiary of the Company, Drone Delivery Canada Inc. ("**Drone Inc.**").

The Company is a drone technology company focused on the design, development and implementation of its proprietary logistics software platform for a commercially viable drone delivery system within Canada. The Company's platform is intended to be used as Software as a Service ("**SaaS**") for government and corporate organizations.

The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick and Nova Scotia and, upon receiving a final receipt for the Offering from the securities regulatory authorities, will be a reporting issuer in each of the Provinces of Canada. The Company's Common Shares are listed for trading on the CSE under the symbol "FLT", the OTCQB Venture Market in the United States under the symbol "TAKOF", and the Frankfurt Stock Exchange under the symbol "A2AMGZ".

BUSINESS OF THE COMPANY

The business of the Company is the business of Former Drone Inc. and Drone Inc. The Company is a development stage technology firm based out of Toronto, Ontario that is focused on designing, developing and implementing a commercially viable drone delivery logistics platform within the Canadian market. The technology that the Company is seeking to develop and deploy is a technology that could re-define the traditional shipping and delivery market model.

The Company is a logistics company seeking to employ the use of drones in order to deliver products faster, easier and cheaper for the purpose of enabling retailers, service organizations, and government agencies to expand their revenue base and grow their respective bottom lines. Regulatory bodies have begun legislating commercial drone use and the Company intends to work with such bodies in Canada to develop this technology as it unfolds.

The Company is pioneering the design, development and implementation of a commercial drone logistics platform for retailers, service organizations and government agencies within a Canadian made solution. The Company's business foundation is based on three key principals:

- (i) Canadian Innovation: develop an innovative drone delivery logistics platform utilizing partnerships with leading Canadian universities, academics and organizations;
- (ii) Market Disruption: develop a logistics solution utilizing drone technology to disrupt the traditional logistics delivery market segment in Canada; and
- (iii) Green Technology: develop a platform that embraces green technology in order to seek to minimize the Company's carbon footprint.

There is currently no legislation or regulatory framework in place specific to commercial drone use in Canada, and there can be no assurance that such legislation or regime will be enacted in the future. See "Risk Factors" in this Prospectus and in the AIF.

Recent Developments

On June 6, 2017, the Company announced that it had successfully achieved Beyond Visual Line of Sight ("BVLOS") test flights. The Company believes, based on information available to the Company, that it was the first and only company of its kind in Canada to successfully achieve BVLOS test flights. The success of such flights, which took place in Foremost, Alberta after the Company received a Special Flight Operating Certificate ("SFOC") from Transport Canada, was a step towards enabling the Company's platform to run commercially. The systems that were tested predominantly included the Company's proprietary "FLYTE" management system, its avoidance technology, and its communications platform. During the flights, the Company's Mission Control Centre in Toronto, 2,500 km away, successfully monitored and recorded telemetry in real time for each flight.

On June 22, 2017, the Company announced that it had entered into an agreement with the Regional Municipality of Peel to design and develop certain ambulatory products and services to be delivered by drone in the Region of Peel. The Company announced its intention to work directly with the Regional Municipality of Peel to design, prototype and test an Automatic External Defibrillator drone delivery solution using the Company's logistics platform.

On July 5, 2017, the Company signed a commercial agreement with TECSYS Inc., a provider of supply chain solutions for health systems and hospitals, to collaborate on the design, development and implementation of a drone delivery solution to expand the logistics capabilities of TECSYS Inc. Utilizing the Company's logistics platform, the development, prototyping and testing will be focused on a customized depot to depot solution as well as a depot to consumer solution on the healthcare supply chain vertical. If the testing and development are successful to the satisfaction of both parties, the parties agreed to proceed in good faith negotiations and delivery of the definitive commercial agreement once finalized Canadian legislation is enacted.

On September 25, 2017, the Council of the Moose Cree First Nation agreed to explore a working relationship with the Company to provide the Moose Cree Community with a drone logistics solution. Working with federal regulators and community stakeholders, the Company is preparing to commence commercial test flights within the Moose Cree geography which is located 20 km south of James Bay in Northern Ontario. Various goods to be shipped may include mail, food, medical supplies, and general goods.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated share capitalization of the Company as at June 30, 2017, being the date of the Company's Interim Financial Statements, (i) on an actual basis, (ii) on an adjusted basis to give effect to the Offering (prior to any exercise of the Over-Allotment Option), and (iii) on an adjusted basis to give effect to the Offering assuming the full exercise of the Over-Allotment Option. This table should be read in conjunction with the Interim Financial Statements and the Interim MD&A that are incorporated by reference in this Prospectus.

	As at June 30, 2017 before giving effect to the Offering	As at June 30, 2017 after giving effect to the Offering (prior to any exercise of the Over-Allotment Option)	As at June 30, 2017 after giving effect to the Offering (assuming full exercise of the Over-Allotment Option)
Common Shares	\$10,671,010 (122,411,912 Common Shares)	\$24,785,110 ⁽¹⁾ (145,511,912 Common Shares)	\$26,902,225 ⁽²⁾ (148,976,912 Common Shares)
Warrants	15,713,100 ⁽³⁾	15,713,100	15,713,100
Broker Warrants	2,180,080 ⁽⁴⁾	3,566,080	3,773,980
Stock Options	120,000 ⁽⁵⁾	120,000	120,000

Notes:

- (1) Calculation based on net proceeds to the Company of \$14,114,100 (assuming the Over-Allotment Option is not exercised) and after deducting payment of the Underwriter's Fee of \$900,900, but before deducting expenses of the Offering, estimated to be approximately \$250,000.
- (2) Calculation based on net proceeds to the Company of \$16,231,215 (assuming the Over-Allotment Option is exercised in full) and after deducting payment of the Underwriter's Fee of \$1,036,035, but before deducting expenses of the Offering, estimated to be approximately \$250,000.
- (3) 15,572,000 of such warrants are exercisable for 15,572,000 Common Shares at a price of \$0.45 per Common Share until February 28, 2019. 141,100 of such warrants are exercisable for 141,100 Common Shares at a price of \$0.14 per Common Share until May 25, 2018.
- (4) Each such broker warrant entitles the holder to purchase one common share at a price of \$0.35 until February 28, 2019.
- (5) Granted pursuant to the Company's stock option plan exercisable for an aggregate of 120,000 Common Shares exercisable at a price of \$0.40 per share until January 28, 2019.

There have been no material changes in the consolidated share and loan capital of the Company since June 30, 2017 except as follows:

On July 21, 2017 the Company granted stock options exercisable for an aggregate of 6,500,000 Common Shares exercisable at a price of \$0.50 per share for a period of five years, to certain officers, directors and consultants of the Company. One-third of the stock options vest every six months from the date of grant pursuant to the Company's stock option plan.

On September 20, 2017 the Company granted stock option exercisable for an aggregate of 2,150,000 Common Shares exercisable at a price of \$0.50 per share for a period of five years, to certain officers, directors and consultants of the Company. One-third of the stock options vest every six months from the date of grant pursuant to the Company's stock option plan.

USE OF PROCEEDS

Use of Proceeds

The net proceeds to the Company from the Offering (excluding any exercise of the Over-Allotment Option) are expected to \$14,114,100 after deducting the payment of the Underwriter's Fee of \$900,900 payable to the Underwriter, but before deducting the expenses of the Offering (estimated to be approximately \$250,000).

The use of the net proceeds of the Offering by the Company is consistent with the Company's stated business objectives (see "*Business Objectives and Milestones*" below) and which the Company plans to allocate as follows during the twelve month period following the Closing Date (see "*Forward-Looking Information*");

Expenditure	Amount
General & Administrative Budget	\$1,000,000
Product Development ⁽¹⁾	\$4,000,000
Commercial Testing	\$3,000,000
Estimated Offering Costs ⁽²⁾	\$250,000
Marketing	\$2,000,000
Unallocated Funds Added to Working Capital	\$3,864,100
Total Expenditures	\$14,114,100

Notes:

(1) See "*Use of Proceeds - Business Objectives and Milestones*", below.

(2) Estimate includes out of pocket expenses of the Underwriter, legal fees of each of the Company and the Underwriter, auditor fees of the Company, and translation, filing and regulatory fees.

The Company currently intends to expend the net proceeds of the Offering in accordance with the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

During the last financial year the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its products and services, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow. See "*Risk Factors*".

Business Objectives and Milestones

Using the net proceeds of the Offering as set out under "*Use of Proceeds*" above, the Company intends, over the next twelve months, to achieve the following milestones:

Software Development – The Company intends to continue the advancement of its proprietary "FLYTE" backend software platform and the Company's software as a service (SaaS) framework for its client interface and operating model.

Prototype Development – The Company intends to advance the development of drone prototype units for further testing in order to accelerate the Company's application for its licensing from the Canadian federal regulators.

Drone-Spot Development – The Company intends to accelerate and advance the development of the Company's proprietary Drone-Spot landing / take-off zones from prototype to commercial ready applications.

Commercial Testing – The Company intends to advance and accelerate commercial testing activities within Canada, and to explore opportunities in other global markets.

Obtain Compliant Operator Status Certificate from Transport Canada – The Company expects that advancements in its development initiatives and testing will allow the Company to apply for its Compliant Operator Status Certificate

from Transport Canada, which in turn would enable the Company to advance towards its objective of commercialization in Canada's northern communities.

Advancement to Commercialization – The Company's main objective through its initiatives and development milestones set out above is to move the Company's platform to commercialization. The Company intends to initially launch its drone delivery logistics platform in northern Canada to service remote rural communities in northern Canada.

The Company expects that it will conduct its research and development both internally as well as through subcontracted third parties.

The following table sets out the steps that the Company intends to complete by the end of 2017 and over the next financial year in order to reach commercialization of its products and services, and the anticipated expenditures required in order to complete such steps.

Expected Expenditures	2017	2018	Total
Software Development	\$200,000	\$1,000,000	\$1,200,000
Prototype Development	\$200,000	\$1,200,000	\$1,400,000
Drone Spot Developments	\$200,000	\$1,000,000	\$1,200,000
Commercial Testing	\$250,000	\$2,750,000	\$3,000,000
Obtaining Compliant Operator Status Certificate	\$200,000	-	\$200,000
Total Expenditures	\$1,050,000	\$5,950,000	\$7,000,000

The Company has planned a path to commercialization, with an aggregate of \$3,800,000 being allocated to software development, prototype development, and drone spot development, which is expected to be incurred throughout 2017 and 2018. Commercial testing was commenced in 2016 and has accelerated in 2017 however the Company intends to expend more resources on commercial testing in 2018 as the Company approaches commercialization.

SFOC and Compliant Operator Application

A proposed new legislative framework relating to the use of drones in Canada was issued by Transport Canada in early 2017, and is currently under public consultation that will end on October 13, 2017. The proposed changes as set out in the Canada Gazette, Part 1 would introduce new rules based on a proposed classification based on the size of the unmanned aircraft ("UA") and an operational risk assessment. The proposed framework creates three broad categories of UAs: (i) very small UAs; (ii) small UAs in limited operations; and (iii) small UAs in complex operations. The increased regulations focus on aircraft marking and registration, pilot knowledge and training and flight rules.

The criteria for very small UAs will include UAs weighing between 250g and 1kg. These UAs would be permitted to operate with minimal regulation, so long as certain specified operating conditions are met. In particular, it is anticipated that very small UAs will need to have identification markers on the UA with the operator's name, address, and contact number. The pilot must also be at least 14 years of age and must pass a basic knowledge test. Liability insurance is also required, and there are restrictions to operating near aerodromes and people.

Small UAs (limited operations rural) are defined as UAs weighing between 1kg and 25kg and operated in rural and unpopulated areas. These UAs will require identification markings including name, address and contact information of the owner and pilot of the UA. The Pilot must be at least 16 years of age, and must have passed a basic knowledge test. Liability insurance is required for this classification. Additional restrictions are imposed that include that the UA cannot operate within approximately 1km of built up areas, within approximately 75m of people, vehicles or vessels, within approximately 150m of open-air assemblies, within approximately 1.85km of heliports or within approximately 5.5km of airports.

Small UAs (complex operations urban) are defined as UAs weighing between 1kg and 25kg and operated in urban and populated areas. These UAs will require identification, marking and registration with Transport Canada as well as meeting specified design standards. The UA will be assigned a unique identification number issued by Transport Canada. Pilots must be at least 16 years of age and must hold a valid permit that is specific to small drones. The UA must meet a design standard that is acceptable to Transport Canada. Approval for operation must be granted by Air

Traffic Control when operating near any controlled airspace or aerodrome. A set of flight rules must be followed at all times for these complex operations. Restrictions include that the UA cannot operate within approximately 150m of open-air assemblies or within approximately 30m of people, vehicles and vessels. Liability insurance is necessary for complex operations.

The Company expects that the new legislation will adopt the current application process with respect to drones for commercial use. Currently all commercial operators of UAs must obtain a SFOC from Transport Canada prior to use pursuant to Transport Canada's Staff Instruction No. 623-001 (the "**Staff Instruction**"). There are a number of SFOC application processes depending on the nature and use of the UA. The more complex and risky the proposed operation, the more thorough and onerous the SFOC application process.

UA operators must submit a SFOC application to the Transport Canada Civil Aviation Office at least 20 working days prior to the date of the proposed UA operation. Transport Canada has a very wide discretion in reviewing and approving SFOC applications, however there is an appeal process when SFOC applications are denied. The purpose of the SFOC application review is to ensure that the proposed operation is safe and associated risks have been adequately mitigated.

The Company is working towards obtaining "Compliant Operator" status pursuant to the Staff Instruction, which would enable the Company to operate its drone fleet within the particular parameters prescribed by Transport Canada to the Company. The Company is currently seeking approval to operate BVLOS flights throughout Canada. If such a SFOC is obtained, the Company will then submit specific flight paths to Transport Canada for approval. To start, the Company intends to apply for flight paths in Canada's northern communities. The Company anticipates obtaining a Compliant Operator status SFOC before the end of 2017.

To date, the Company has received several SFOCs from Transport Canada in respect of locations in Ontario and Alberta. These SFOCs have included Visual Line of Sight ("**VLOS**") flights and BVLOS flights. The Company currently has one active SFOC with respect to VLOS flights in Ontario that is valid for a one-year period and expires on September 11, 2018. The Company has never had any incidents to report to Transport Canada, and has been in good standing order with Transport Canada since commencement of its operations.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of up to 23,100,000 Offered Shares (not including any Option Shares, the distribution of which shall also be qualified by this Prospectus) pursuant to the Offering.

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to the Underwriter, and the Underwriter has agreed to purchase from the Company, as principal, a total of 23,100,000 Offered Shares at the Offering Price for total consideration of \$15,015,000 payable in cash to the Company against delivery of the Offered Shares. In addition, the Company has granted to the Underwriter the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time in the sole discretion of the Underwriter, for a period of thirty (30) days from the closing of the Offering, to purchase up to an additional 3,465,000 Option Shares at the Offering Price, representing up to 15% of the Offered Shares to be issued pursuant to the Offering, to cover over-allocations, if any, and for market stabilization purposes. This Prospectus also qualifies the distribution of Option Shares pursuant to the exercise of the Over-Allotment Option, and the grant of the Over-Allotment Option. A purchaser who acquires Option Shares forming part of the Underwriter's over-allocation position acquires such Option Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In connection with the Offering, the Company has agreed to pay the Underwriter's Fee of \$0.039 per Offered Share for an aggregate fee of \$900,900 (\$1,036,035 if the Over-Allotment Option is exercised in full). The Offering Price was determined by arm's length negotiation between the Company and the Underwriter. In addition, the Underwriter will be issued Broker Warrants entitling the Underwriter to purchase that number of Underwriter's Shares equal to 6% of the number of Offered Shares sold pursuant to the Offering (including any exercise of the Over-Allotment Option). Each Broker Warrant entitles the holder to purchase one Underwriter's Share at the Offering Price for a period of 24 months from the date of issuance. This Prospectus qualifies the grant of the Broker Warrants to the Underwriter.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. The closing of the Offering is expected to occur on or about October 25, 2017, or such other date as the Company and the Underwriter may agree; however, the Offered Shares offered pursuant to this Prospectus are to be taken up by the Underwriter, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus.

Under the terms of the Underwriting Agreement, the obligations of the Underwriter may be terminated at its discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) if there is a material change or a change in a material fact or new material fact, or there should be discovered any previously undisclosed material fact required to be disclosed in the Prospectus that has or would be expected to have, a significant adverse change or effect on the business or affairs of the Company or its subsidiaries or on the market price or the value of the securities of the Company; (ii) if any proceeding is commenced, announced or threatened or any order made by any governmental department, the CSE or any securities regulatory authority or any law or regulation is enacted or changed that operates to prevent or materially restrict the trading of the company's securities or the market price or value of same; (iii) if there should develop any event or law that seriously adversely affects the financial markets or the business, operations or affairs of the Company and its subsidiaries; (iv) if the Company is in breach of the Underwriting Agreement or any representation or warranty given by the Company in the Underwriting Agreement is or becomes false; or (v) if a cease trade or other suspension order affecting the securities of the Company is made or threatened and has not been withdrawn.

The Company has agreed to indemnify the Underwriter and its affiliates and each of their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities and expenses.

The Offered Shares will be issued as non-certificated securities registered in the name of CDS, and no certificates representing Offered Shares will be issued under this Offering, except in certain limited circumstances.

Pursuant to the Underwriting Agreement, the Company agreed that, for a period ending 120 days after the Closing Date, it will not, without the prior written consent of the Underwriter, directly or indirectly, issue any Common Shares or other equity securities or other financial instruments convertible, exchangeable or exercisable into Common Shares or other equity securities, or announce any intention to do so, other than issuances: (i) to satisfy rights or obligations under securities or other financial instruments existing and outstanding as of the date of the Underwriting Agreement or pursuant to the exercise of the Over-Allotment Option or the Broker Warrants; (ii) of securities in connection with property or share acquisitions; or (iii) pursuant to the Company's existing share option plan.

Pursuant to the Underwriting Agreement, the directors and officers of the Company and their respective associates are required to execute and deliver agreements to the Underwriter pursuant to which they will agree not to, for a period ending on the date that is 120 days following the Closing Date, directly or indirectly, without the prior written consent of the Underwriter, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, or publicly announce any intention to do any of the foregoing, any Common Shares or other equity securities of the Company held by them, directly or indirectly, subject to customary exceptions.

Evidence of ownership of the Offered Shares will be issued in non-certificated form to CDS or its nominee and will be deposited with CDS on the day of closing of the Offering. Except in certain limited circumstances, no certificates evidencing Offered Shares will be issued, and registration will be made only through the depository services of CDS.

The Underwriter proposes to offer the Offered Shares initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Offered Shares at the Offering Price, the Offering Price may be decreased, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriter to the Company. Any such reduction will not affect the proceeds received by the Company.

The Company has provided notice of, and made all required filings in respect of, the Offering with the CSE in order for the Offered Shares distributed under this Prospectus to be listed on the CSE.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States. The Underwriter has agreed that, except as permitted under the Underwriting Agreement, it will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Common Shares at any time within the United States, except pursuant to an exemption from registration under the U.S. Securities Act.

The Underwriting Agreement permits the Underwriter, acting through its registered United States broker-dealer affiliates, to offer and resell the Offered Shares in the United States to Qualified Institutional Buyers, provided such offers and sales are made in accordance with Rule 144A under the U.S. Securities Act, and in compliance with similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Shares outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Shares that are sold in the United States will be restricted securities within the meaning of Rule 144 of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

This Prospectus qualifies the distribution of the Offered Shares, the grant of the Over-Allotment Option, the distribution of the Option Shares (if any) and the grant of the Broker Warrants.

Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at the date hereof there are 122,634,412 Common Shares issued and outstanding.

Common Shares

All of the Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Common Shares have been issued subject to call or assessment.

The Common Shares contain no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

Broker Warrants

For its services in connection with the Offering, the Underwriter will receive non-transferrable Broker Warrants to purchase an aggregate of 1,386,000 Common Shares (1,593,900 in the event the Over-Allotment Option is exercised in full). Each Broker Warrant entitles the holder to purchase one Common Share at the Offering Price for a period of 24 months from the closing of the Offering. The terms governing the Broker Warrants are set out on the certificates representing the Broker Warrants and include, among other things, customary provisions for the appropriate adjustment of the number of Common Shares issuable pursuant to any exercise of the Broker Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions. The Underwriter, as holder of the Broker Warrants, will not as such have any voting right or other right attached to Common Shares until and unless the Broker Warrants are duly exercised as provided for in the certificates representing the Broker Warrants.

PRIOR SALES

The following table summarizes details of all issuances of Common Shares, or securities convertible or exchangeable into Common Shares, during the 12-month period prior to the date of this Prospectus.

Date of Issuance	Security	Issue/Exercise Price per Security (\$)	Number of Securities
February 28, 2017	Special Warrants	0.35	31,144,000
February 28, 2017	Broker Warrants	0.35	2,180,080
July 21, 2017	Stock Options	0.50	6,500,000 ⁽¹⁾
September 20, 2017	Stock Options	0.50	2,150,000 ⁽¹⁾

⁽¹⁾ The stock options are exercisable at a price of \$0.50 per share for a period of five years. One-third of the stock options vest every six months from the date of grant pursuant to the Company's stock option plan.

TRADING PRICE AND VOLUME

Common Shares

The Common Shares are listed for trading on the CSE under the trading symbol "FLT". The following table sets out the high and low closing market prices and the volume traded of the Common Shares on the CSE since October, 2016:

	HIGH (\$)	LOW (\$)	VOLUME
October, 2016	0.34	0.20	4,477,185
November, 2016	0.53	0.30	4,726,627
December, 2016	0.48	0.40	3,186,531
January, 2017	0.41	0.35	2,015,394
February, 2017	0.45	0.32	3,595,113
March, 2017	0.60	0.41	7,998,774
April, 2017	0.59	0.40	3,710,029
May, 2017	0.47	0.39	2,554,396
June, 2017	0.42	0.35	4,317,590
July, 2017	0.37	0.31	2,787,520
August, 2017	0.43	0.35	3,283,725
September, 2017	0.66	0.37	9,975,926
October 1 – 10, 2017	0.76	0.55	6,237,367

RISK FACTORS

A prospective purchaser of Offered Shares should carefully consider the risk factors set out below or contained elsewhere in this Prospectus, along with the risk factors described in the documents incorporated by reference in this Prospectus, including in the Annual MD&A and the Interim MD&A, and the risk factors described under the heading "Risk Factors" in the AIF. Other than as described below including the risks relating to the Offering, there has been no significant change in the Company's risk factors from those described in the Annual MD&A, the Interim MD&A and the AIF.

The Company has encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein and in the documents incorporated herein by reference. If the Company's assumptions regarding these risks and uncertainties (on which the Company relies in the planning of its business) are incorrect, change due to changes in the Company's markets, or if the Company does not address these risks and uncertainties successfully its business, financial condition and operating and financial results could differ materially from its expectations and/or could be materially and adversely affected.

Lack of Legislative Regime

There is currently no legislation or regulatory regime specific to commercial drone use in Canada, and there can be no assurance that such legislation or regime will be enacted in the future.

Negative Operating Cash Flow

During each of the financial year ended December 31, 2016 and the interim period ended June 30, 2017, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its services, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services.

Market Price of Common Shares

The trading prices of CSE-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Company's Common Shares is also likely to be significantly affected by changes from time to time in the Company's operating results, financial condition, liquidity and other internal factors.

Unallocated Proceeds of the Offering

The net proceeds will be used in the manner discussed in "*Use of Proceeds*". The Company's management will have broad discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. The failure of the Company to apply these funds effectively could negatively impact the success of the Company's business.

Dilution

While the net proceeds of the Offering are expected to enhance the Company's liquidity, to the extent that a portion of the net proceeds of the Offering remain as cash, the Offering may dilute the interest of holders of Common Shares. In the future, the Company may raise funds through the sale of additional Common Shares or securities convertible or exchangeable into or exercisable for Common Shares. Any such issuances may dilute the interests of the then-current holders of Common Shares and may have a negative impact on the market price of the Common Shares, including the Offered Shares.

DEPOSITORY SERVICES

Except in certain limited circumstances: (i) the Offered Shares will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Offered Shares will not be issued to purchasers; and (iii) purchasers of Offered Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares are purchased. Holders of Offered Shares who are not issued a certificate evidencing the Offered Shares are entitled under the *Business Corporations Act* (British Columbia) to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request. The ability of a beneficial owner of Offered Shares to pledge such securities or otherwise take action with respect to such owner's interest in such securities (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Neither the Company nor the Underwriter will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Offered Shares held by CDS or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Offered Shares; or (iii) any advice or representation made by or with respect to CDS and those contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and persons, other than

CDS participants, having an interest in the Offered Shares must look solely to CDS participants for payments made by or on behalf of the Company to CDS in respect of the Offered Shares.

INTEREST OF EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus.

Irwin Lowy LLP, counsel for the Company, and Fasken Martineau DuMoulin LLP, counsel for the Underwriter, may opine as to certain matters related to the Offering. As of the date hereof, partners and associates of Irwin Lowy LLP and Fasken Martineau DuMoulin LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of the securities of the Company.

The auditor of the Company, D&H Group LLP, Chartered Professional Accountants, has informed the Company that it is independent with respect to the Company within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of British Columbia.

EXEMPTION

Pursuant to an exemption order provided by the Autorité des marchés financiers on October 10, 2017, the Company is not required to file the following documents in the French language concurrent with the filing of this Prospectus: the AIF, the Annual Financial Statements, the Annual MD&A, the Interim Financial Statements, the Interim MD&A and the management information circular of the Company dated June 15, 2017 in respect of the Company's annual meeting of shareholders held on July 20, 2017. The Company is required to file such documents concurrent with the filing of the (final) short form prospectus.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: October 11, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces of Canada.

Signed: Tony Di Benedetto
Chief Executive Officer

Signed: Robert Suttie
Chief Financial Officer

On behalf of the Board of Directors

Signed: Richard Buzbuzian
Director

Signed: Chris Irwin
Director

CERTIFICATE OF THE UNDERWRITER

Dated: October 11, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

GMP SECURITIES L.P.

Signed: Steve Ottaway
Managing Director

CERTIFICATE OF THE PROMOTERS

Dated: October 11, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

Signed: Tony Di Benedetto

Signed: Paul Di Benedetto

Signed: Richard Buzbuzian