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2017 INFORMATION CIRCULAR



NANOTECH
SECURITY CORP.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting (the "Meeting") of shareholders of Nanotech Security Corp. (the "Company") will be held at the offices of the Company's attorneys, McMillan LLP, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia on March 30, 2017 at 11:00 a.m. PDT for the following purposes:

- 1) To receive and consider the audited consolidated financial statements of the Company for its financial year ended September 30, 2016, and the report of the auditor thereon;
- 2) To elect directors of the Company for the ensuing year;
- 3) To appoint auditors of the Company for the ensuing year;
- 4) To consider and if thought fit, approve by ordinary resolution of the disinterested shareholders of the Company, an amendment to the Restricted Share Unit Plan component of the Company's Equity Incentive Plan to increase by 600,000 the number of Common Shares of the Company available for grant of Restricted Share Unit Plan awards, such amendment being described in detail in the accompanying information circular; and

- 5) To consider and if thought fit, authorize by ordinary resolution the annual continuation of the Company's Equity Incentive Plan, described in the accompanying information circular.

An information circular accompanies this notice. The information circular contains details of matters to be considered at the Meeting.

No other matters are contemplated, however any permitted amendment to or variation of any matter identified in this notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

DATED at Burnaby, British Columbia, February 24, 2017.

By Order of the Board of Directors

"Douglas H. Blakeway"

Douglas H. Blakeway
Chairman and Chief Executive Officer

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting is requested to complete, date and execute the enclosed form of proxy and deliver it to Computershare Investor Services Inc. no later than 11:00 a.m. PDT on Tuesday, March 28, 2017, in accordance with the instructions set out in the form of proxy and in the information circular.

If you hold your shares in a brokerage account, you are not a registered shareholder. Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting.

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the management of Nanotech Security Corp. (the "Company") for use at the annual general meeting (the "Meeting") of its shareholders to be held on March 30, 2017 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Information Circular, references to the "Company", "we" and "our" refer to **Nanotech Security Corp.** "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. Unless otherwise stated, the information herein is given as of February 21, 2017, the Record Date, as defined below. All amounts following are expressed in Canadian dollars unless otherwise indicated.

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

APPOINTMENT OF PROXYHOLDERS

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

VOTING BY PROXYHOLDER

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other

than the appointment of an auditor and the election of directors,

- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

REGISTERED SHAREHOLDERS

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a Proxy may do so if they:

- (a) complete, date and sign the Proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; or
- (b) use a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the proxy access number; or

- (c) log on to Computershare’s website at www.investorvote.com. Registered shareholders must follow the instructions provided on the website and refer to the Proxy for the holder’s account number and the proxy access number.

Whatever method a registered shareholder chooses to submit their Proxy, they must ensure that the Proxy is received by Tuesday March 28, 2017 at 11:00 am PDT, being at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof.

BENEFICIAL SHAREHOLDERS

The following information is of significant importance to shareholders who do not hold Common Shares in their own name.

Non-registered shareholders (“Beneficial Shareholders”) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker (“Intermediaries”). The vast majority of such Common Shares are registered in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called “OBOs” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called “NOBOs” for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners

The Company is taking advantage of the provisions of National Instrument 54-101 “Communication with Beneficial Owners of Securities of a Reporting Issuer” that permit it to deliver proxy-related materials directly to its

NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from Computershare. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered NOBOs of the securities of the Company. **If you are a NOBO, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.**

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should carefully follow the instructions of your broker or their intermediary to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to

represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be

returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) ("BCA"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

REVOCAION OF PROXIES

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

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

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

1 Review of Audited Financial Statements

The audited consolidated financial statements of the Company for the fiscal year ended September 30, 2016, and the auditor's report thereon, will be presented at the Meeting and have been filed along with the related

Management's Discussion and Analysis ("MD&A") under the Company's SEDAR profile at <http://www.sedar.com/>.

2 Election of Directors

General

The size of the board of directors (the "Board") of the Company is currently set at seven directors serving as of the date hereof. Pursuant to the Articles of the Company, the Board has set the number of directors to be elected to the Board at the Meeting at seven (subject to the Board's prerogative to increase this figure by up to two people in the course of the ensuing year). The term of office of each of the current seven directors will end at the conclusion of the Meeting.

Unless the director's office is vacated earlier, in accordance with the provisions of the BCA, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or until a successor is appointed or elected.

Advance Notice Provision

The Company's Articles allow for advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the board of directors of the Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the BCA or (ii) a shareholder proposal made pursuant to the provisions of the BCA.

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders, including

those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision which is available under the Company's SEDAR profile at <http://www.sedar.com/>.

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

3 Appointment of Auditors

At the meeting shareholders will be asked to approve a resolution to appoint KPMG LLP, Chartered Accountants (“KPMG LLP”), 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3, as auditor of the Company. KPMG LLP was appointed auditor of the Company on September 25, 2014.

Reliance on Certain Exemptions

The Company’s auditor, KPMG LLP, has not provided any material non-audit services other than as disclosed in the table below.

External Auditor Service Fees

KPMG LLP is the current auditor of the Company having been appointed in 2014.

The Audit Committee has reviewed the nature and amount of the non-audit services provided by the auditor, KPMG LLP, to ensure auditor independence. Fees incurred with KPMG LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

Nature of Services	September 30, 2016	September 30, 2015
Audit Fees ⁽¹⁾	\$154,000	\$168,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$51,014	\$39,610
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$205,014	\$207,610

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

4

Continuation of Equity Incentive Plan and Increase of Restricted Share Units**EMPLOYEE AND MANAGEMENT EQUITY BASED INCENTIVE PLAN**

On January 28, 2015 the directors approved the adoption, of a Share Option Plan and Restricted Share Unit (“RSU”) Incentive Plan (the “Equity Incentive Plan”), to attract, retain, and motivate employees and compensate them competitively for their contribution to the Company’s long-term growth and development. On April 8, 2015 the Company’s shareholders approved adoption of the Equity Incentive Plan. The Equity Incentive Plan was approved to reserve 7% of outstanding Common Shares on a rolling basis for Options and 1,500,000 Common Shares on a fixed number basis for RSU awards.

Proposed Increase in RSU Plan Maximum

As of February 21, 2017, the Board had approved 1,283,631 RSU grants for 2015, 2016 and 2017 leaving 216,369 RSUs remaining to be granted as of the date of the meeting. The Board has conditionally approved an increase, subject to disinterested shareholders’ approval, of an additional 600,000 RSUs. This increase is a fixed additional number which cannot be further increased without further approval of the disinterested shareholders. These additional 600,000 RSUs will constitute a reduction from the 10% cap of issued

Common Shares otherwise available for equity compensation under the Equity Incentive Plan. The 1,283,631 RSUs granted to date will no longer constitute a reduction from the 10% of issued Common Shares aggregate limit. Accordingly, if shareholders approve the resolution below the Company will have the right to grant up to 816,369 additional RSUs and these will constitute a reduction from the 10% aggregate limit for equity compensation.

Pursuant to TSX Venture Exchange (“TSXV”) policies, the following shareholder resolutions concerning the Equity Incentive Plan will be presented at the Meeting for approval:

- (a) disinterested shareholder approval for an increase of 600,000 in the maximum number of Common Shares available for reserve for issuance on award of RSUs, under the RSU Plan component of the Equity Incentive Plan; and
- (b) shareholder approval for continuation of the Share Option Plan component of the Equity Incentive Plan is required at every annual meeting of the Company.

The above are resolutions that will be presented at the Meeting and the text of such resolutions is set out in the disclosure below.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information at the September 30, 2016 financial year end.

		Number of securities to be issued upon exercise of outstanding options and RSUs	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category		(a)	(b)	(c)
Equity compensation plans approved by security holders (the Equity Incentive Plan)	Stock Options	2,488,500	\$1.29	1,282,000
	RSUs	451,030	N/A	705,369
Equity compensation plans not approved by security holders		Nil	Nil	Nil
Total		2,939,530	--	1,987,369

Material Terms of the Equity Incentive Plan

The material terms of the Equity Incentive Plan (if the proposed resolution is adopted) are as follows:

- a) The Equity Incentive Plan reserves an aggregate maximum of 7% of outstanding Common Shares on a rolling basis for Options and reserves 816,370 Common Shares on a fixed basis for RSU awards. The fixed number of Common Shares reserved for RSU awards cannot be increased without further shareholder approval.
- b) The Equity Incentive Plan is administered by the Board.
- c) Options may be granted to employees, officers, directors and consultants of the Company.
- d) The exercise price under Options is set by the Board at the time an Option is granted and cannot be less than the Discounted Market Price as defined in Policy 1.1 of the TSXV Corporate Finance Policies.
- e) The terms of Options may not exceed ten years and Options will be subject to vesting terms as determined by the Board. However, the Equity Incentive Plan provides that if the expiry date for an Option occurs during a blackout period, the expiry date for such Option will automatically be extended for ten days after the expiry date of the blackout period.
- f) RSU awards that are granted will only be issued and delivered to the recipient upon the passage of up to three years continued employment of the recipient by the Company or upon such other terms and conditions as the Board may determine.
- g) RSU awards may only be granted to directors, officers, and employees.
- h) Maximum limits to grants and awards:
 - i. No participant can be granted an Option if that Option together with any grants or awards made under all other share compensation arrangements in the previous 12 months would exceed 5% of the outstanding Common Shares of the Company;
 - ii. The aggregate number of Options granted to consultants and Optionees conducting investor relations activities cannot exceed in any 12 month period 2% of outstanding Common Shares of the Company calculated at the time of grant, without prior consent of the TSXV;

- iii. No Insider may be granted RSUs if the total number of Common Shares issuable at any time to Insiders as a group under the RSU Plan or when combined with Common Shares issuable under the Option Plan or any other equity compensation arrangements then in place exceeds 10% of the outstanding Common Shares of the Company on a non-diluted basis; and
- iv. No Insider will be granted RSUs under the RSU Plan if the total number of Common Shares issuable to Insiders as a group during any one year period under the RSU Plan, or when combined with Common Shares issued to Insiders under the Option Plan or any other equity compensation arrangements then in place exceeds 10% of the total number of issued and outstanding Common Shares of the Company on a non-diluted basis.
- i) Options may not be exercised after an Optionee's term of service to the Company has been terminated, except as follows:
 - i. in the case of death, up to one year from the date of death or the expiry date of the Option, whichever occurs first;
 - ii. in the case of voluntary termination of services or termination without cause, up to 90 days from the date of termination; or
 - iii. in case of termination for cause, all rights to acquire Common Shares will terminate immediately.
- j) In the event of a change of control of the Company or a take-over bid being made for Common Shares, Options held by an Optionee may be immediately exercised in whole or in part by the Optionee, subject to TSXV approval in consideration of any vesting requirements imposed by TSXV Policies.
- k) RSU awards that have not vested will expire once a participant's term of service to the Company has been terminated, except in the case of death, retirement, or disability.
- l) Options and RSU awards are non-assignable.
- m) Options may not be re-priced without disinterested shareholder and applicable regulatory approvals and can only be amended if 6 months have elapsed since the grant of the Options or from the date of the last amendment. For this purpose, shareholder approval is to be by a majority vote at an annual or special meeting of shareholders; provided that Insiders who hold Options that are subject to the proposed re-pricing may not vote on the proposal.
- n) The Board may not, without disinterested shareholder approval, amend the Equity Incentive Plan or an Option or Award to:
 - i. increase the number of Common Shares reserved for issuance under the Equity Incentive Plan;
 - ii. make any amendment that would reduce the exercise price of an Option (including a cancellation and reissue of an Option at a reduced exercise price);
 - iii. extend the term of any Option beyond ten years, except in the case where an Option will expire during a blackout period, in which case the term of the Option will automatically be extended 10 days after the expiry date of the blackout period;
 - iv. amend or delete any of the terms of the Equity Incentive Plan that limit the number of Common Shares that may be subject to a recipient's Options or RSU awards;
 - v. amend or delete the amending provisions of the Equity Incentive Plan; and
 - vi. amend or delete the eligibility provisions of the Equity Incentive Plan.
- o) The Board must obtain shareholder approval to amend the RSU Plan in any way that will:
 - i. increase the Vesting Date Value (as defined in the RSU Plan) or increase the number of Common Shares to be issued to a Recipient pursuant to the RSU Plan;
 - ii. extend the Expiry Date; and
 - iii. make any amendment to remove or to exceed the insider participation limits under the RSU Plan; and
 - iv. make any amendments to the provisions of Amendment to the RSU Plan.

- p) The Board may amend the Equity Incentive Plan without shareholder approval to:
- i. make any amendment to the terms and conditions of the Equity Incentive Plan necessary to ensure the Equity Incentive Plan complies with applicable regulatory requirements;
 - ii. make adjustments to vesting provisions of outstanding Options subject to prior written approval of the securities exchange on which the Company is listed from time to time;
 - iii. change the termination provisions of an Option such that it does not extend the term of an Option beyond the original expiry date of such Option;
 - iv. amend provisions of the RSU Plan, subject to applicable laws but no amendment will adversely affect the rights of a recipient with respect to RSUs a recipient is entitled to under the RSU Plan; and
 - v. make any amendment to the Equity Incentive Plan that is of a “housekeeping nature”.

As of February 21, 2017, there are 2,040,000 Options granted and unexercised (being 3.8% of the 54,136,286 outstanding Common Shares); 940,030 RSUs granted but not converted (being 1.7% of the outstanding Common Shares) and 216,369 RSUs (being 0.4% of the outstanding Common Shares) outstanding and available for grant. If the resolution below is approved by the disinterested shareholders, the Company will have approval to grant an additional 600,000 RSUs, together with the 216,369 RSUs currently available for grant, being an aggregate of 816,369 RSUs (1.5% of the outstanding Common Shares).

A complete copy of the Equity Incentive Plan, as amended, will be filed at www.sedar.com following approval at the Meeting, by the disinterested shareholders, of the resolution to increase the number of RSUs available for awarding under the RSU Plan to an aggregate of 816,369 RSUs, and a copy of the Equity Incentive Plan will be available for review by any shareholder at the Meeting.

Resolution of the Disinterested Shareholders to Approve Increase in Maximum RSUs

The text of the ordinary resolution to ratify and approve the increase in the maximum number of Common Shares set out in the RSU Plan component of the Equity Incentive Plan, which will be submitted for disinterested shareholder approval at the Meeting, is set forth as follows:

“Be it RESOLVED that the increase approved by the board of directors on February 24, 2017, being an increase of 600,000 Common Shares of the Company that may be reserved for issuance pursuant to Restricted Share Units under the Restricted Share Unit Plan component of the Company’s Employee and Management Share Incentive Plan, be and is hereby ratified and approved.”

The Board unanimously recommends that the disinterested shareholders vote to ratify and approve the resolution.

Shareholders Resolution to Ratify and Approve Equity Incentive Plan for Continuation

The text of the ordinary resolution to ratify and approve the Equity Incentive Plan to be submitted to the shareholders for approval at the Meeting is set forth as follows:

“Be it RESOLVED that the Employee and Management Share Incentive Plan, approved by the disinterested shareholders of the Company on April 8, 2015, as it may be amended from time to time, is hereby ratified and approved for continuation until the next annual general meeting of the Company.”

The Board unanimously recommends that the shareholders vote to ratify and approve the continuation of the Equity Incentive Plan for the ensuing year.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and the two resolutions involving the equity compensation plan as is set out herein.

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

The Board has fixed February 21, 2017 as the record date (the “Record Date”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign

and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company are listed for trading on the TSXV. As of the Record Date, there were 54,136,286 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares. The Company is also authorized to issue an unlimited number of preferred shares. There were no preferred shares issued and outstanding as at the Record Date.

To the knowledge of the directors and executive officers of the Company, the only person that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at the Record Date is:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Doug Blakeway	5,853,984	10.8%

Note:

(1) The above information was taken from insider reports available at www.sedi.ca.


ANY OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.


About Our Board of Directors

Director Biographies


This section provides information on each person nominated for election as director. We determined the market value of Common Shares each director nominee holds by multiplying the number of Common Shares held by the closing price of the Common Shares on September 30, 2016, which was \$1.01.

Ron Barbaro			
Ontario, Canada	<p>Ron Barbaro is a corporate director and advisor. He is Chairman of the Board of Smart Employee Benefits Inc. since 2013 and a director of Bardya Brokerage Services Inc. since January 2016. Over the years Mr. Barbaro has held many director positions including Chairman and CEO of the Ontario Lottery and Gaming Corporation (1998-2003), Chairman of The Brick Group (2004-2012), President, The Prudential Insurance Company of America (worldwide operations) (1990-1993), and Special Advisor and Chairman of the Premier of Ontario's Economic Recovery Team (2003-2005).</p> <p>Attendance Record – 100% Board – 3 of 3 Compensation – 1 of 1</p> <p>Current Directorships: Smart Employee Benefits Inc. Bardya Brokerage Services Inc.</p> <p>Past Directorships: The Brick Ltd. Northbridge Financial Corporation Thomson Reuters Corporation</p> 		
Age: 85			
Director Since: 2016			
Independent			
<p>Nanotech Committees:</p> <ul style="list-style-type: none"> Compensation <p>Areas of expertise:</p> <ul style="list-style-type: none"> Senior executive/strategic leadership <p>Total Compensation for 2016: \$39,000</p>			
Common Shares held and market value as at September 30, 2016:			
	Shares	Market Value of Shares	
	20,000	\$20,200	
Voting Results of 2016 Annual Meeting:			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,491,837	3,500	19,140,685
Percentage of votes	99.98%	.02%	100%


ABOUT OUR BOARD OF DIRECTORS


Doug Blakeway			
British Columbia, Canada	<p>Doug Blakeway is the Company's Chairman and Chief Executive Officer. He has over 40 years of experience in executive management in technology business development. He founded the Company in 1984. From September 2006 until June 2012 he was a consultant providing product manufacturing management services to G4S Justice Services (Canada) Inc., which purchased the Company's previous business in 2006.</p>		
Age: 69			
Director Since: 1984			
Non-Independent	<p>Attendance Record – 100% Board – 6 of 6</p>	<p>Current Directorships: Kanzen Capital Corp. Wireless Industry Partnership Connector Inc.</p>	
<p>Nanotech Committees: Not eligible¹</p>		<p>Past Directorships: Legend Power Systems Inc. QHR Corporation E Reservations Systems Inc.</p>	
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Industry knowledge ▪ Technology knowledge 			
No compensation received for services as director			
Please see pages 27-29 for details on securities held and compensation received for 2016 as CEO.			
Voting Results of 2016 Annual Meeting:			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,073,679	421,658	19,140,685
Percentage of votes	97.72%	2.28%	100%

¹ Doug is not a member of any Board committees, but regularly attends committee meetings.


Brian Causey			
British Columbia, Canada	<p>Brian Causey has been a director since October 2009 and Chief Financial Officer of the Company from October 2009 to June 2014. He has held a number of senior executive positions with Hunter Dickinson Inc., and specialized in and was principally involved with financings, corporate reorganizations, and specialized tax planning initiatives. While with Hunter Dickinson Inc., he was Chief Financial Officer of Curis Resources Ltd. He is currently the principal of BFC Financial Consulting and is a Chartered Professional Accountant and a Chartered Accountant.</p>		
Age: 71			
Director Since: 2009			
Non-Independent	<p>Attendance Record – 100% Board – 6 of 6 Audit – 5 of 5</p>	<p>Past Directorships: Curis Resources Ltd. Yaletown Capital Corp. Chinook Capital Corp. Cascadero Copper Corporation</p>	
<p>Nanotech Committees: ▪ Audit</p>			
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Finance and Accounting 			
Total Compensation for 2016: \$37,250			
Common Shares held and market value as at September 30, 2016:			
	Shares	Total Market Value of Shares	
	12,950	\$13,080	
Voting Results of 2016 Annual Meeting:			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,479,737	15,600	19,140,685
Percentage of votes	99.92%	.08%	100%


ABOUT OUR BOARD OF DIRECTORS

Dickson Hall			
British Columbia, Canada	<p>Dickson Hall is a partner in Valuestone Advisors Ltd., sole advisor to Valuestone Global Resource Fund 1, a private equity mining fund established in partnership with Jiangxi Copper Corporation and China Construction Bank International. He is a director of MEC Advisory Ltd., sole manager of Can-China Global Resources Fund, a resource fund backed by the Export-Import Bank of China. From 2005 – 2016 he directed business development efforts in Asia for Hunter Dickinson Inc., a Canadian-based resource group.</p>		
Age: 64			
Director Since: 2015			
Independent	<p>Attendance Record – 100% Board – 6 of 6 Compensation – 1 of 1</p>	<p>Current Directorships: Newport Concept Corp. Kona Bay Technologies Inc.</p> <p>Past Directorships: New Era Minerals Inc. Nova Canada Enterprises Ltd. Baikal Forest Corp.</p>	
<p>Nanotech Committees:</p> <ul style="list-style-type: none"> ▪ Compensation 			
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Governance 			
<p>Total Compensation for 2016: \$37,250</p>			
<p>Common Shares held and market value as at September 30, 2016:</p>			
Shares		Total Market Value of Shares	
11,250		\$11,363	
<p>Voting Results of 2016 Annual Meeting:</p>			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,491,837	3,500	19,140,685
Percentage of votes	99.98%	.02%	100%

Bozena Kaminska			
British Columbia, Canada	<p>Bozena Kaminska is a prolific inventor with major contributions to science and innovation. She is currently a Professor at Simon Fraser University's School of Engineering Science, and a Canada Research Chair (Tier 1). She holds multiple patents and has authored hundreds of peer-reviewed publications in top scientific journals. Throughout her thirty-year research career, Dr. Kaminska has actively worked on the commercialization of her laboratory research and has successfully developed five ventures from her scientific work.</p>		
Age: 65			
Director Since: 2011			
Independent	<p>Attendance Record – 100% Board – 6 of 6 Audit – 5 of 5</p>	<p>Current Directorships: NanoMedia Solutions Ltd. Canadian Microelectronics Corporation Spectral Devices Inc.</p> <p>Past Directorships: OPMAXX Inc. Pultronics Inc.</p>	
<p>Nanotech Committees:</p> <ul style="list-style-type: none"> ▪ Audit 			
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Technology knowledge 			
<p>Total Compensation for 2016: \$37,250</p>			
<p>Common Shares held and market value as at September 30, 2016:</p>			
Shares		Total Market Value of Shares	
2,753,944		\$2,781,483	
<p>Voting Results of 2016 Annual Meeting:</p>			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,491,837	3,500	19,140,685
Percentage of votes	99.98%	.02%	100%

ABOUT OUR BOARD OF DIRECTORS

Ken Tolmie															
British Columbia, Canada	<p>Ken Tolmie is the Chief Financial Officer, principal shareholder, and a director of APRIO Inc., a privately held governance information software company. Throughout his career Mr. Tolmie has been a director and officer of a number of private companies. He has also held various senior executive and financial positions with Hastings West Investment Ltd., The Beacon Group of Companies, Premier Diagnostic Health Services Inc., a CSE (formerly CNSX) listed issuer, and other junior companies in technology, film, and other industries.</p>														
Age: 73															
Director Since: 1987															
Independent	<p>Attendance Record – 100% Board – 6 of 6 Audit – 5 of 5 Compensation – 1 of 1</p>	<p>Current Directorships: APRIO Inc.</p> <p>Past Directorships: Premier Diversified Holdings Inc.</p>													
<p>Nanotech Committees:</p> <ul style="list-style-type: none"> ▪ Compensation ▪ Audit 															
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Finance and Accounting 															
<p>Total Compensation for 2016: \$43,250</p>															
<p>Common Shares held and market value as at September 30, 2016:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Shares</th> <th colspan="2" style="width: 25%; text-align: center;">Total Market Value of Shares</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">533,807</td> <td colspan="2" style="text-align: center;">\$539,145</td> </tr> </tbody> </table>					Shares	Total Market Value of Shares			533,807	\$539,145					
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Number of votes	18,479,737	15,600	19,140,685												
Percentage of votes	99.92%	.08%	100%												

Bernhard Zinkhofer															
British Columbia, Canada	<p>Bernhard Zinkhofer is a practicing lawyer and partner in the Vancouver office of McMillan LLP. He holds a BComm (Calgary, 1977) an LL.B. (Victoria, 1983) and is an accredited CPA. Mr. Zinkhofer has served as a director of Nanotech and its predecessors for the preceding 12 years and he has served as a director of a number of public and private companies. His extensive legal experience is recognized in Chambers and Lexpert peer review directories.</p>														
Age: 61															
Director Since: 1994 to 2004 and since 2007															
Non-Independent	<p>Attendance Record – 100% Board – 6 of 6 Compensation – 1 of 1</p>														
<p>Nanotech Committees: Formerly on Compensation Committee</p>															
<p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Legal knowledge ▪ Finance and Accounting 															
<p>No compensation received for services as director</p>															
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Number of votes	18,479,737	456,789	19,140,685												
Percentage of votes	99.92%	.08%	100%												

Cease Trade Orders and Bankruptcies

Except as set out below, and within the last 10 years before the date of this Information Circular, no proposed nominee for election as a director of the Company, or any senior officer, was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Mr. Zinkhofer served as a director of Austral-Pacific Energy Ltd., an oil and gas company, which went into receivership and ceased operations in 2009 on account of loans and oil hedging agreements entered into prior to

the time when Mr. Zinkhofer was a director. Two companies in which Mr. Zinkhofer served as a non-insider corporate secretary as part of his legal services also ceased operations due to insolvency, Inviro Medical Inc. (2010) and Great Basin Gold Inc. (2012).

Mr. Tolmie served as a director of Premier Diagnostic Health Services Inc., a Canadian company which provides advanced medical diagnostic tools. On January 31, 2012, the British Columbia Securities Commission issued a management cease trade order in connection with the delay in filing of its September 30, 2011 audited annual financial statements. The cease trade order was lifted on March 2, 2012 when the overdue statements were filed.

Mr. Hall served as a director of CY Oriental Holdings Ltd. On April 30, 2008, the British Columbia Securities Commission issued a management cease trade order in connection with CY Oriental's failure to file its December 31, 2007 audited financial statements. On July 3, 2008, July 18, 2008, and October 3, 2008 the British Columbia Securities Commission, the Ontario Securities Commission, and the Alberta Securities Commission respectively issued cease trade orders in connection with CY Oriental's failure to file annual financial statements for its fiscal year ended December 31, 2007 and interim financial statements for the financial period ended March 31, 2008. Mr. Hall ceased to be a director on March 30, 2009.

Mr. Bullock, the Company's President and Chief Financial Officer served as the Chief Financial Officer and a director of Ascalade Communications Inc. a Canadian company which provided the design and manufacturing of wireless communication devices, that filed for CCAA and restructured its business in 2009.

Penalties and Sanctions

No nominated director of the Company has been subject to any penalties or sanctions.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance in the amount of \$10,000,000 is in place. Total premiums expensed during fiscal 2016 were \$15,333.

Director Compensation

There were no arrangements under which directors were compensated by the Company or its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants other than as set out herein.

Director Compensation Tables

The compensation provided to directors, who were not a named executive officer (“NEO”) (see “Statement of Executive Compensation” below), for the Company’s fiscal year ended September 30, 2016 is:

Name	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ron Barbaro ⁽³⁾	11,500	Nil	27,500	Nil	Nil	Nil	39,000
Brian Causey	23,000	6,150	8,100	Nil	Nil	Nil	37,250
Dickson Hall	23,000	6,150	8,100	Nil	Nil	Nil	37,250
Bozena Kaminska	23,000	6,150	8,100	Nil	Nil	Nil	37,250
Ken Tolmie	29,000	6,150	8,100	Nil	Nil	Nil	43,250
Bernhard Zinkhofer ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Amounts represent the grant date fair value of RSUs based on the assumption of 100% vesting. The fair value is determined by multiplying the Company’s share price by the number of RSUs granted.
- (2) Amounts represent the grant date fair value of Options based on the assumption of 100% vesting. The fair value is determined under the Black-Scholes Options Pricing Model.
- (3) Mr. Barbaro was appointed as a director on March 29, 2016.
- (4) Mr. Zinkhofer does not receive director’s fees per se; however, his time is charged as part of the legal services of his firm at regular rates. Mr. Zinkhofer’s law firm invoiced \$137,059 for legal fees, disbursements and taxes, (2015: \$156,836) for services rendered during the fiscal year ended September 30, 2016.

The following table sets out all share-based awards and option-based awards, outstanding as at September 30, 2016, for each director who was not a NEO for the Company’s fiscal year ended September 30, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ron Barbaro	50,000	1.28	March 30, 2021	Nil	Nil	Nil	Nil
Brian Causey	100,000	1.65	April 16, 2019	Nil	5,550	5,606	Nil
	15,000	1.15	January 28, 2020	Nil			
	15,000	1.23	January 6, 2021	Nil			
Dickson Hall	50,000	1.15	July 14, 2020	Nil	3,750	3,788	Nil
	15,000	1.23	January 6, 2021	Nil			
Bozena Kaminska	150,000	0.80	December 30, 2016	31,500	5,550	5,606	Nil
	15,000	1.15	January 28, 2020	Nil			
	15,000	1.23	January 6, 2021	Nil			

ABOUT OUR BOARD OF DIRECTORS

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ken Tolmie	100,000	1.65	April 16, 2019	Nil	5,550	5,606	Nil
	15,000	1.15	January 28, 2020	Nil			
	15,000	1.23	January 6, 2021	Nil			
Bernhard Zinkhofer	100,000	1.65	April 16, 2019	Nil	Nil	Nil	Nil

Notes:

(1) Calculated using the TSXV closing share price on September 30, 2016; \$1.01, less the exercise price of the Option(s).

(2) Calculated using the TSXV closing share price on September 30, 2016; \$1.01.

Value Vested or Earned During the Year

The following table sets forth details of the aggregate dollar value that would have been realized if awards had been exercised on the vesting date and the value of non-equity compensation earned during the year ended September 30, 2016 for each director of the Company that is not a NEO.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Ron Barbaro	Nil	Nil	N/A
Brian Causey	Nil	3,079	N/A
Dickson Hall	375	1,363	N/A
Bozena Kaminska	Nil	3,079	N/A
Ken Tolmie	Nil	3,079	N/A
Bernhard Zinkhofer	Nil	Nil	N/A

Notes:

(1) Calculated using the TSXV closing share price on the date of vesting, less the exercise price of the Option(s).

(2) Calculated using the TSXV closing share price on the date the awards were vested and released.

MANDATE AND REPORT OF THE BOARD OF DIRECTORS

General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

The Company had four independent directors and three non-independent directors during the financial year ended September 30, 2016. Messrs. Barbaro, Hall,

Tolmie, and Dr. Kaminska are independent. Although Mr. Causey resigned as Chief Financial Officer on June 27, 2014, under National Instrument 52-110 he is considered non-independent for three years after his resignation. Mr. Blakeway is the CEO, and Mr. Zinkhofer, through his indirect interest as a partner in a law firm that provides services to the Company, are both non-independent directors. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The following table outlines the Company’s independent and non-independent directors, as proposed for the forthcoming year, and the basis for a determination that a director is non-independent:

Name	Independent/Non-Independent
Ron Barbaro	Independent
Doug Blakeway	Non-Independent Basis for determination: Serves as Chief Executive Officer of the Company.
Brian Causey	Non-Independent Basis for determination: Former Chief Financial Officer.
Dickson Hall	Independent
Bozena Kaminska	Independent Basis for determination: Resigned from her non-compensated, advisory role as Chief Scientific Officer of the Company on August 25, 2014.
Ken Tolmie	Independent
Bernhard Zinkhofer	Non-Independent Basis for determination: The national law firm of which he is a partner provides legal services to the Company and Mr. Zinkhofer’s indirect interest in them.

The full Board generally meets in person at least five times annually; however, directors otherwise communicate via email and teleconference generally at the time of finalization of the quarterly financial statements and in connection with business developments and transactions. Individual directors are free to engage personal advisors at the expense of the Company in appropriate circumstances.

Other Directorships

As of the Record Date, directors of the Company currently serving on a board of another publicly traded company are: Dickson Hall; Kona Bay Technologies Inc. (KBY:TSXV), and Ron Barbaro; Smart Employee Benefits Inc. (SEB:TSXV).

Meeting Attendance

The attendance record of directors of the Company during the period from October 1, 2015 to September 30, 2016 is as follows:

Name	Board Meetings Attended ⁽¹⁾	Committee Meetings Attended ⁽¹⁾	Total Meetings Attended	% of Board Meetings Attended
Ron Barbaro ⁽²⁾	3	1	4	100%
Doug Blakeway	6	N/A	6	100%
Brian Causey	6	5	11	100%
Dickson Hall	6	1	7	100%
Bozena Kaminska	6	5	11	100%
Ken Tolmie	6	6	12	100%
Bernhard Zinkhofer	6	1	7	100%

Notes:

(1) The above does not include ad hoc teleconferences with some business completed by consent resolution.

(2) Mr. Barbaro was appointed as a director on March 29, 2016.

Board Mandate

The Board has not adopted a formal mandate but understands that its role is (i) to assume responsibility for the overall stewardship and development of the Company and monitoring of its business decisions, (ii) identification of the principal risks and opportunities of the Company's business and ensuring the implementation of appropriate systems to manage these risks, (iii) ethical management and succession planning, including appointing, training and monitoring of senior management and directors, (iv) implementation of a communication policy for the Company, and (v) the integrity of the Company's internal financial controls and management information systems. There are two primary Canadian regulatory policies which deal with corporate governance and its disclosure namely National Instrument 58-101 and National Policy 58-201 (the "Policies"). The Policies suggest that the Company should maximize the number of independent directors generally and especially on committees of the Board and to formalize its governance practices with written charters and mandates which allow verification that they are being observed.

Since late 2009, the Company has pursued development and commercialization of a novel nanotechnology which originated with researchers at Simon Fraser University ("SFU") in British Columbia. The Board is of the view that the strategic planning process for the Company consists primarily of maintaining sufficient financial reserves in order to continue funding for nanotechnology development activities primarily through 4D Labs located

at SFU while seeking licensing and or co-development opportunities. The principal risk to the Company is that it will be unable to secure sufficient financing to allow the Company to continue developing commercial products from the nanotechnology.

The Board will be considering succession planning in the near term given the relative age of the Company's Chief Executive Officer. The Board monitors the activities of the senior management through regular discussions between the Board and senior management. The Board is of the view that its communication policy between senior management, Board members and shareholders is good. The Company's small and entrepreneurial status makes the Board significantly reliant on the Company's two senior officers, Mr. Blakeway and Mr. Bullock.

The Board has overall responsibility for the stewardship of the Company, which includes:

- (a) responsibility for advancement of a strategic plan for the Company in consultation with the senior officers;
- (b) responsibility for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) responsibility for appointing, monitoring, evaluation and, where necessary, terminating senior management;
- (d) responsibility for implementation of a communication policy for the Company

regarding disclosure of corporate information;
and

- (e) responsibility for developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company.

Stewardship of the Company

The Company's Board is empowered by the BCA, the Company's Articles and by common and statutory law to manage, or supervise the management of, the affairs and business of the Company. The Board has not yet adopted any formal mandate and believes that the Company's small size and early stage of technology development warrants a less formal approach to governance.

The Board performs its functions through regular email and telephone communications, with regular face-to-face meetings held approximately five times annually. It relies on two committees; the Audit Committee and the Compensation Committee. In addition, the Board ensures that management does not engage in material transactions without the involvement of the Board. Long-term strategies and annual operating and capital plans with respect to the Company's operations are developed by senior management and discussed with the Board.

The Board has not developed a written set of position descriptions for its Board or any committee other than the Audit Committee Charter. Inquiries by shareholders are directed to and dealt with by senior management. Material corporate disclosure is reviewed by all Board members prior to its dissemination. Assuming the Company grows, it is likely that these governance issues will require more formality and documentation.

The Board has delegated responsibility for the integrity of internal controls and management information systems to the Audit Committee. The Company's external auditors report directly to the Audit Committee. In its annual meetings with the external auditors, the Audit Committee discusses, among other things, the Company's financial statements and the adequacy and effectiveness of the Company's internal controls and management information systems. The Auditors also meet in-camera with the Audit Committee. The Company does not yet enjoy significant revenues from what it believes will ultimately be its principal business product namely nanotechnology-derived security and anti-counterfeiting products however, should this occur, the Company's internal controls and management information systems will require further development.

Orientation and Continuing Education

The Company has no formal education process for new directors. All the directors either have extensive experience in the role of director or have been a director of the Company for many years. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. The Board has not adopted a Directors' Education Policy or requirement.

At this time the Board has not established a formal process for assessing its effectiveness or the contribution of individual members nor a formal education program. Board compensation is considered from time to time; however, the Company's limited resources are unable to provide compensation that realistically reflects the efforts and risks involved. The directors expect to be primarily compensated from their holdings of Common Shares, which the directors believe more closely align their interests with those of other shareholders.

Ethical Business Conduct

The Board relies on the reputation and integrity of its members to conduct themselves and the business of the Company ethically. The Board believes it is justified in doing so. The Company has never received a complaint or allegation of unethical behaviour by a Board member or senior officer.

Nominations by the Board

The Board monitors corporate governance issues, including governance of the Board and Board committees. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

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

Committees

In 2014 it was decided to combine the governance committee functions with those of the Audit Committee. The Board now has two committees namely the Compensation Committee and Audit Committee described below.

Assessments

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

of the Board and its committees. These evaluations and assessments are used in connection with its duty of evaluating and recommending persons as nominees for the position of director of the Company.

Signed, the members of the Board of Directors

"Douglas H. Blakeway"

Douglas H. Blakeway (Chair)

"Bernhard J. Zinkhofer"

Bernhard J. Zinkhofer

"Brian Causey"

Brian Causey

"Ron Barbaro"

Ron Barbaro

"Bozena Kaminska"

Bozena Kaminska

"Kenneth R. Tolmie"

Kenneth R. Tolmie

"Dickson Hall"

Dickson Hall

Audit Committee Report

National Instrument 52-110 *Audit Committees* (“NI 52-110”) of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following disclosure.

Audit Committee Mandate

The Board, through the Audit Committee, is responsible for the integrity of the internal control and management information systems of the Company. The Audit Committee meets or exchanges e-mails at least quarterly to review quarterly financial statements and management’s discussion and analysis and meets at least twice annually with the Company’s external auditor. The Audit Committee discusses, among other things, the annual audit, the adequacy and effectiveness of the Company’s internal control and management information systems and management’s discussion and analysis and reviews the annual financial statements with the external auditor.

The Audit Committee’s mandate and responsibilities are detailed in its Audit Committee Charter, and include:

- (a) assisting in the identification of the principal risks of the Company’s business and, with the assistance of management, establishing procedures to ensure that these risks are monitored;
- (b) overseeing the work of external auditors engaged for the purpose of preparing or issuing an audit report or related work;
- (c) recommending to the Board the nomination and compensation of the external auditors;
- (d) approving all non-audit services to be provided by the external auditors; and
- (e) reviewing the Company’s financial statements, MD&A and earnings press releases before the Company publicly discloses this information and satisfying itself that all regulatory compliance matters have been considered in the preparation of the financial statements of the Company.

A copy of the Audit Committee Charter can be viewed under the Company’s SEDAR profile at www.sedar.com, as Schedule “A” attached to the 2016 Company’s annual information form dated December 13, 2016.

Composition of the Audit Committee

During fiscal 2016, Ken Tolmie (Chairman), Bozena Kaminska, and Brian Causey served on the Audit Committee. Mr. Tolmie and Dr. Kaminska are considered independent. Mr. Causey is a non-independent director.

Relevant Education and Experience of Audit Committee

The current members of the Audit Committee either have post-secondary education or extensive business and financial experience. One member holds professional accounting accreditation. See heading “Directors *Biographies*” above. In particular, each of the members of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

The Board has determined that each member of the Audit Committee is “financially literate”, has “accounting or related financial management expertise” and that Mr. Causey, through his Chartered Accountant designation, is an “audit committee financial expert” as defined by applicable securities laws.

Audit Committee Oversight

During 2016, the Audit Committee engaged KPMG LLP to perform the additional services of reviewing the second and third quarter interim financial statements in anticipation of a potential financing. The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than KPMG LLP.

Pre-Approval Policies and Procedures

The specific policies and procedures for the engagement of material non-audit services are described in the Company’s Audit Committee Charter.

Exemption

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemptions in section 6.1 of NI

52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

In accordance with the BCA, the shareholders appoint the Company’s Auditor. In carrying out its responsibilities, the Audit Committee has reviewed the qualification and performance of the Auditor and recommends to the Board and to the shareholders that KPMG LLP, Chartered Accountants be appointed as Auditor of the Company at the Meeting.

Signed, the members of the Audit Committee

“Kenneth R. Tolmie”

Kenneth R. Tolmie (Chair)

“Bozena Kaminska”

Bozena Kaminska

“Brian Causey”

Brian Causey

Compensation Committee Report

The Compensation Committee mandate is to assist the Board in developing the compensation philosophy and guidelines on executive compensation, overseeing succession planning for the executive leadership team, determine the CEO's goals and objectives relative to their compensation and performance, reviewing the recommendation the CEO's compensation based on evaluation, and determining compensation for other senior management. The Committee annually reviews and reports to the Board on the senior management organizational structure, management's succession plans for the executive team including specific development plans and career planning for potential successors for both normal career progression and emergency replacement situations. The Committee also makes recommendations to the Board about grants under, and any suggested changes to, the Company's equity based incentive plans and executive services agreements.

Composition of the Compensation Committee

During fiscal 2016, Ken Tolmie, Ron Barbaro, Dickson Hall, and Bernhard Zinkhofer served on the Compensation Committee. On Mr. Barbaro's appointment to the Board on March 29, 2016 he replaced Mr. Zinkhofer on the Compensation Committee. Currently the Compensation Committee has three members; Ken Tolmie (Chair), Dickson Hall, and Ron Barbaro.

Report on Executive Compensation

In January 2015, the Company introduced a new "results oriented" executive compensation plan creating a significant variable component to compensation that is linked to key operating metrics. This compensation plan is comprised of a combination of base salary and benefits, annual incentive compensation and long term equity participation through the Company's Equity Incentive Plan.

- The Company's executive compensation program is designed to compensate executives in ways that promote outstanding performance, as well as attract and retain talented executives. The Committee believes the Company's compensation objectives are consistent with compensation practices in the marketplace in which we compete for talent and does so in a way that does not promote undue risk-taking. It is the Company's belief that NEO compensation

should be tied to the creation of long-term value in the best interest of the shareholders, and that incentives should reward performance without encouraging undue risk-taking. A significant portion of the NEOs' total direct compensation is "at risk" and tied closely to the success of meeting or exceeding the Company's minimum short and long-term objectives. "At risk" means that the executive will not realize value unless specified goals, which are directly tied to the Company's overall performance, are achieved. To ensure competitiveness, the Committee reviewed selected annual compensation surveys, conducted by an independent consultant and other available information, of salaries, benefits and other incentive programs in the high technology industry in Canada. In 2016, these performance goals, and resulting compensation awards, were largely focused on the Company's key business drivers.

The objectives regarding compensation are to:

- attract and retain experienced, qualified, capable executives by paying compensation packages that are competitive in the markets in which we compete for executive talent;
- motivate short and more importantly long-term executive performance with cash incentives tied to the achievement of corporate goals set in the Board approved business plan. In 2016, these goals included growing revenue, improving cash flow and strengthening the balance sheet; and
- align the Company's executives' interest with those of the shareholders by providing the Company's executives with equity-based compensation.

Compensation Mix

Targets for each element of compensation are based on compensation data for comparable positions at comparable companies, the individual's level of responsibility and experience, and the individual's influence on the immediate and sustained performance of the Company. Actual compensation awards are determined by corporate performance.

COMPENSATION COMMITTEE REPORT

For 2016, the mix of base salary and incentives that was available to the NEOs assuming they achieved 100% of the corporate goals was as follows:

	Annual Base Salary	Short Term Incentives	Long Term Incentives	Total Direct Compensation
Doug Blakeway	40%	20%	40%	100%
Troy Bullock	40%	20%	40%	100%
Iginatius LeRoux	48%	15%	37%	100%

Annual Base Salary

The Compensation Committee reviews salary information on comparable executive positions from published survey data to establish benchmarks.

Short Term Incentives

Short term incentives include cash incentives that are an integral component of compensation that directly link executive decision making, business execution and performance with goals of the Company as set out in the Board approved business plan and strategy. For NEOs in 2016, 100% of the total short term incentive is based on the achievement of the established annual corporate goals.

The 2016 Corporate Goals and Achievements were as follows:

Summarized Corporate Goals	2016 Weighting	2016 Achievement
Revenue Growth	60%	22.5%
Improving Cash Flow	25%	0.0%
Strengthening Balance Sheet	15%	15.0%
	100%	37.5%

The 2017 Corporate Goals and Achievements are as follows:

Summarized Corporate Goals	2017 Weighting
Revenue Growth	40%
Improving Cash Flow	40%
Discretionary Strategic Improvements	20%
	100%

Long Term Incentives

Long term incentives are equity based incentives consisting of Options and RSUs. The incentives are used to align the executives' interest with those of the shareholders by providing the executives with equity-based compensation.

In 2016 the NEO performance achievements were adversely affected by certain anticipated sales contracts not materializing in the time frame during which they were anticipated, resulting in shortfalls in revenue and cash flow improvements. This resulted in an achievement score of 37.5%, or a bonus of 18.25% of base salary (excluding RSU and Option grants). For 2017 the Compensation Committee has decided to include executive RSU grants in the category of compensation which is subject to achieving the corporate goals. The stated revenue growth and cash flow improvement requirements to achieve the minimum bonus (25% base salary) for 2017 are significantly higher as a percentage than expectations were for 2016. The maximum bonus achievable is one times salary, which would require exceptional performance, including positive cash flow.

Signed, the members of the Compensation Committee

"Kenneth R. Tolmie"

Kenneth R. Tolmie

"Ron Barbaro"

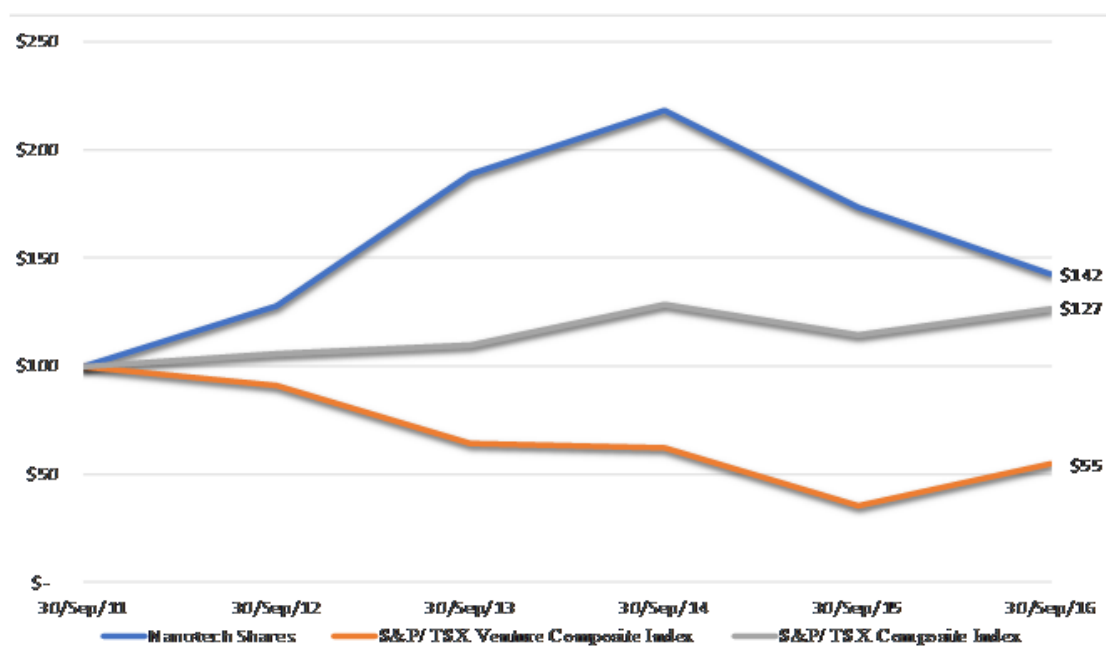
Ron Barbaro

"Dickson Hall"

Dickson Hall

Stock Performance Chart

The following graph compares the yearly change in the cumulative total shareholder return on Nanotech's Common Shares with the cumulative total return on the TSX Venture Exchange. The calculations done over five years, assume an investment of \$100 on September 30, 2011.



Investment	30/Sep/11	30/Sep/12	30/Sep/13	30/Sep/14	30/Sep/15	30/Sep/16
Nanotech Shares	\$ 100	\$ 128	\$ 189	\$ 218	\$ 173	\$ 142
S&P/TSX Venture Composite Index	\$ 100	\$ 91	\$ 64	\$ 62	\$ 36	\$ 55
S&P/TSX Composite Index	\$ 100	\$ 106	\$ 110	\$ 129	\$ 114	\$ 127

Executive Compensation

Named Executive Officer

In this section “Named Executive Officer” means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year, September 30, 2016, and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

Doug Blakeway, CEO, Troy Bullock, CFO, and Iginatius LeRoux, Chief Business Development Officer (“CBDO”) are the NEOs for the purposes of the following disclosure.

Compensation Discussion and Analysis

The Compensation Committee is of the view that compensation arrangements of its executive officers do not incentivize any risk-taking behaviour.

Summary Compensation Table

The compensation related to the NEOs during the Company’s three most recently completed financial years ended September 30th is as set out below and expressed in Canadian dollars unless otherwise noted.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)	As Revised by Agreement	
					Annual incentive plans				Note (\$) ⁽⁷⁾	Revised total compensation (\$)
Doug Blakeway CEO	2016	300,000 ⁽³⁾	153,750	67,500	-	6,000	94,104 ⁽⁶⁾	621,354	(215,686)	405,668
	2015	300,000 ⁽³⁾	149,500	64,040	75,000	3,500	Nil	592,040	N/A	N/A
	2014	200,040 ⁽³⁾	Nil	84,146	100,000	Nil	Nil	384,186	N/A	N/A
Troy Bullock, CFO ⁽⁴⁾	2016	200,000	104,550	127,900	37,500	4,000	7,800	481,750		
	2015	200,000	103,500	44,335	50,000	2,333	7,800	407,969		
	2014	48,467	Nil	240,278	25,000	Nil	1,950	315,695		
Iginatius LeRoux, CBDO ⁽⁵⁾	2016	259,805	104,550	45,900	30,000	5,196	Nil	445,451		
	2015	198,828	103,500	44,335	40,000	28,283	Nil	414,946		
	2014	7,140	Nil	Nil	Nil	2,050	Nil	9,190		

Notes:

- (1) Amounts represent the grant date fair value of RSUs based on the assumption of 100% vesting. The fair value is determined by multiplying the Company’s share price by the number of RSUs granted.
- (2) Amounts represent the grant date fair value of Options based on the assumption of 100% vesting. The fair value is determined under the Black-Scholes Options Pricing Model.
- (3) These funds were paid to Geni D Ventures Inc., a company controlled by Mr. Blakeway.
- (4) Mr. Bullock was appointed CFO of the Company on June 25, 2014.
- (5) Mr. LeRoux became an officer of the Company on September 16, 2014.
- (6) Mr. Blakeway received one-time compensation reflecting a retroactive adjustment related to past salary, car allowance, and holiday pay.
- (7) As a leadership gesture, Mr. Blakeway agreed to cancel all of his outstanding Options effective February 20, 2017. Disclosure reflects the reversal of the 2014, 2015 and 2016 option-based awards in fiscal 2016 and is provided for illustrative purposes only. Accounting treatment for the surrendered Options will vary and will not result in a reduction in expense. For accounting purposes the value is calculated at the time of grant and expensed over the vesting period. Upon the Options being cancelled, any remaining amount will be expensed on the date of cancellation.

Share-Based and Option-Based Awards

On January 28, 2015, the directors adopted, and on April 8, 2015 the shareholders approved, a share option and RSU incentive plan for management and employees, being the 2015 Employee and Management Share Incentive Plan (herein the “Equity Incentive Plan”). The purpose of the Equity Incentive Plan is to attract, retain, and motivate employees and compensate them competitively for their contribution to the Company’s long-term growth and development. A resolution to ratify and approve an amendment to the RSU plan component of the Equity Incentive Plan to increase the

number of Common Shares available for grant and a resolution to ratify and approve the Equity Incentive Plan for continuation will be presented at the Meeting and is set out under “Matters to be Acted Upon” above. As at September 30, 2016, there were Options outstanding to purchase an aggregate of 2,488,500 Common Shares.

Outstanding Share-Based and Option-Based Awards

The following table sets out all share-based and option-based awards outstanding as at September 30, 2016 for each NEO:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾
Doug Blakeway ⁽³⁾	100,000	1.65	April 16, 2019	Nil	145,750	175,113	Nil
	130,000	1.15	January 28, 2020	Nil			
	125,000	1.23	January 6, 2021	Nil			
Troy Bullock	300,000	1.58	August 5, 2019	Nil	99,750	119,813	Nil
	90,000	1.15	January 28, 2020	Nil			
	85,000	1.23	January 6, 2021	Nil			
	200,000	1.02	Sept. 22, 2021	Nil			
Iginatius LeRoux	90,000	1.15	January 28, 2020	Nil	99,750	119,813	Nil
	85,000	1.23	January 6, 2021	Nil			

Notes:

- (1) Calculated using the TSXV closing share price on September 30, 2016, \$1.01, less the Option exercise price.
- (2) Amounts represent the grant date fair value of RSUs based on the assumption of 100% vesting. The fair value is determined by multiplying the Company’s share price by the number of RSUs granted.
- (3) On February 20, 2017 Mr. Blakeway agreed to cancel for \$1 all of his vested and unvested outstanding Options.

Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended September 30, 2016, for each NEO:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Doug Blakeway	Nil	83,658	56,250 ³
Troy Bullock	Nil	57,498	37,500
Iginatius LeRoux	Nil	57,498	30,000

Notes:

- (1) Calculated using the TSXV closing share price on the date of vesting, less the Option exercise price.
- (2) Calculated using the TSXV closing price on the date the awards were vested and released.
- (3) On February 20, 2017 Mr. Blakeway agreed to cancel for \$1 all of his vested and unvested outstanding Options.

Termination and Change of Control Benefits

The terms and conditions of the employment contract or arrangement between the Company or its subsidiary and a NEO are as follows:

- (a) The Company has signed an agreement with Mr. Blakeway through his company, Geni D Ventures Inc., which includes a base salary of \$300,000 and a 50% bonus up to 100% performance contingent cash bonus (see Compensation Committee Report) plus RSUs tied to performance goals and incentive Options which are not expressly tied to performance goals, but the value of the incentive Options is inherently tied to overall company performance. The agreement can be terminated by the Company with written notice by paying the lesser of two years base salary or base salary to the end of the term and pro-rated performance bonus to the date of termination.
- (b) The Company has signed an executive employment agreement with Mr. Bullock on June 25, 2014, on October 1, 2016 Mr. Bullock was promoted to President in addition to his on-going role as Chief Financial Officer, which includes a base salary of \$250,000 and a 50% bonus up to 100% performance contingent cash bonus (see Compensation Committee Report) plus RSUs tied to performance goals and incentive Options which are not expressly tied to

performance goals, but the value of the incentive Options is inherently tied to overall company performance. The agreement may be terminated by him with 30 days’ notice and by the Company by paying salary, accrued vacation pay and pro-rated performance bonus to the date of termination and a lump sum severance equal to nine months base salary plus one month salary for each year of service subsequent to September 30, 2016, to a maximum 12 months’ salary, based on the executive base salary at the time of termination.

- (c) The Company has signed an executive employment agreement with Mr. LeRoux on July 1, 2015, which includes a base salary of USD \$200,000 and a CDN \$80,000 bonus up to 100% performance contingent cash bonus (see Compensation Committee Report) plus RSUs tied to performance goals and incentive Options which are not expressly tied to performance goals, but the value of the incentive Options is inherently tied to overall company performance. The agreement may be terminated by him with 30 days’ notice and by the Company by paying salary, accrued vacation pay and pro-rated performance bonus to the date of termination and a lump sum severance equal to six months base salary based on the executive base salary at the time of termination.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended September 30, 2016, there were no directors or executive officers indebted to the Company.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended September 30, 2016, or has any interest in any material transaction in the current year, except for the following:

- (a) Management fees of \$500,604 (2015: \$320,620) were charged by Geni D. Ventures Inc., a company controlled by Mr. Blakeway who is the CEO and a director of the Company. As of September 30, 2016, amounts owing to Geni D. Ventures Inc. included in accounts payable and accrued liabilities were \$285,509 (2015: \$338,752).
- (b) Legal, professional fees, disbursements and taxes of \$137,059 (2015: \$156,836) in relation to legal services provided were paid to the law

firm of McMillan LLP. Mr. Zinkhofer, a director of the Company, is a partner of the firm. As of September 30, 2016, amounts owing to McMillan LLP included in accounts payable and accrued liabilities were \$52,826 (2015: \$171,895).

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial information provided in the Company's consolidated, comparative financial statements and MD&A for the most recently completed financial year, is available on SEDAR at www.sedar.com.

The Company will provide to any person or company, upon request to the Secretary of the Company (by telephone (604) 678-5775 or fax (604) 678-5780), a copy of the Company's consolidated, comparative financial statements for its most recently completed financial year, together with the accompanying report of the auditor, MD&A, and any interim financial statements of the Company subsequent to the financial statements of the Company's most recently completed financial year that have been filed together with the relevant MD&A.

APPROVAL OF CIRCULAR

The contents of this Information Circular and its distribution to shareholders have been approved by the Board on February 24, 2017.

DATED at Burnaby, British Columbia February 24, 2017

By Order of the Board of Directors

"Douglas H. Blakeway"

Douglas H. Blakeway
Chairman and Chief Executive Officer