

CLAROCITY CORPORATION



**NOTICE OF MEETING
and
MANAGEMENT INFORMATION CIRCULAR**

**MEETING OF HOLDERS OF
COMMON SHARE PURCHASE WARRANTS EXPIRING DECEMBER 11, 2017
(THE "WARRANTS")**

**to be held on
September 12, 2017**

with respect to

**AN EXTRAORDINARY RESOLUTION
TO AMEND THE TERMS OF THE WARRANTS**

August 14, 2017



August 14, 2017

Dear Warrantholder:

You are invited to attend a meeting of Warrantholders of Clarocity Corporation to be held at 4:30 pm (Toronto time) on September 12, 2017 at the Conference Centre, 20 Toronto Street, Second Floor, Toronto, Ontario M5C 2B8. At the Meeting, you will be asked to consider amendments to the terms of the warrant indenture under which the warrants were created.

The warrants were issued in connection with a private placement financing in December 2014. The warrants expire in December 2017 and have an exercise price of \$0.20 per share. The common shares of Clarocity have been trading in the range of \$0.11 to \$0.195 since January 1, 2017.

The proposed amendments will: (a) reduce the exercise price; (b) reduce the exercise period; (c) add the right to put the warrant to Clarocity; and (d) automatically exercise the put immediately prior to expiry.

The proposed warrant amendments must be approved by an extraordinary resolution which requires an affirmative vote of not less than 66 ²/₃% of the votes cast at the Meeting. Each warrant is entitled to one vote. Regardless of the number of warrants you own, your vote is important. Whether or not you plan to attend the Meeting, please submit your proxy as soon as possible to ensure that your warrants are represented at the Meeting.

On behalf of the board of directors and management of Clarocity Corporation, I thank you for your continued support.

Yours sincerely,

“Shane Copeland”

Shane Copeland,
Chief Executive Officer

CLAROCITY CORPORATION

NOTICE OF MEETING OF HOLDERS OF WARRANTS TO BE HELD ON SEPTEMBER 12, 2017

NOTICE IS HEREBY GIVEN that the meeting (the “**Meeting**”) of the holders (“**Warrantholders**”) of common share purchase warrants (the “**Warrants**”) of **CLAROCITY CORPORATION** (the “**Corporation**”) issued and outstanding under a Warrant Indenture (the “**Warrant Indenture**”) dated December 11, 2014 between the Corporation and Computershare Trust Company of Canada (the “**Warrant Agent**” or “**Computershare**”) will be held at 4:30 p.m. (Toronto time) on September 12, 2017 at Conference Centre, 20 Toronto Street, Second Floor, Toronto, Ontario, M5C 2B8, for the following purposes:

- (a) to consider, and if thought appropriate, to approve an extraordinary resolution (“**Extraordinary Resolution**”), the full text of which is set out in the accompanying management information circular (the “**Information Circular**”) to amend the Warrant Indenture to: (i) reduce the exercise price; (ii) reduce the exercise period; (iii) add the right to put the Warrants to the Corporation; and (iv) provide for automatic exercise of the put immediately prior to expiry; and
- (b) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Information Circular provides additional information with respect to the matters to be considered at the Meeting and forms part of this notice of the Meeting. Warrantholders are invited to attend the Meeting. Warrantholders of record at the close of business on August 11, 2017 will be entitled to vote at the Meeting.

Regardless of whether or not you are able to be present at the Meeting, please date, sign and return the form of proxy accompanying this notice of the Meeting. To be effective, forms of proxy must be received by Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, PO BOX 300, Richmond Hill, Ontario L4B 4R5, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Registered Warrantholders may also vote by hand delivery of their proxy at Computershare Trust Company of Canada, 8th floor, 100 University Ave, Toronto Ontario M5J 2Y1 or by Internet at www.investorvote.com or by telephone at 1-866-732-8683.

Pursuant to the provisions of the Warrant Indenture, any extraordinary resolution passed at the Meeting or any adjournment or postponement thereof will, if passed in accordance with the provisions of the Warrant Indenture, be binding upon all Warrantholders to which the resolution related, whether present or absent at the Meeting.

DATED this 14th day of August, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

“*Shane Copeland*”

Shane Copeland
Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

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CLAROCITY CORPORATION

MANAGEMENT INFORMATION CIRCULAR RELATING TO THE MEETING OF HOLDERS OF COMMON SHARE PURCHASE WARRANTS TO BE HELD ON SEPTEMBER 12, 2017

VOTING INFORMATION

Solicitation of Proxies

THE INFORMATION CONTAINED IN THIS MANAGEMENT INFORMATION CIRCULAR ("Information Circular") IS FURNISHED TO THE HOLDERS (the "Warranholders") OF COMMON SHARE PURCHASE WARRANTS ("Warrants") OF CLAROCITY CORPORATION (the "Corporation") in connection with the solicitation by management of the Corporation of proxies to be used at the meeting (the "**Meeting**") of the Warranholders to be held at 4:30 p.m. (Toronto time) on September 12, 2017, and at all adjournments thereof, for the purposes set forth in the notice of the Meeting, which accompanies this Information Circular (the "**Notice of the Meeting**"). The solicitation of proxies will be made primarily by mail but proxies may also be solicited personally or by telephone by officers, directors or regular employees of the Corporation. Employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Warranholders in favour of the matters set forth in the Notice of the Meeting. The Corporation may pay brokers or other persons holding Warrants in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Information Circular to beneficial owners of Warrants and obtaining proxies therefor. **The solicitation of proxies by this Information Circular is being made by and on behalf of management of the Corporation.** The cost of the solicitation will be borne by the Corporation.

No person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The information contained herein is given as of August 14, 2017 except as otherwise indicated. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Information Circular.

Appointment and Revocation of Proxies

The persons named in the form of proxy accompanying this Information Circular are officers and/or directors of the Corporation. A Warranholder has the right to appoint a person, who need not be a Warranholder, other than the persons specified in such form of proxy to attend and act for and on behalf of such Warranholder at the Meeting. Such right may be exercised by either striking out the names of the persons specified in the form of proxy accompanying this Information Circular and inserting the name of the person to be appointed in the blank space provided in such form of proxy or by completing and executing another form of proxy and, in either case, returning such completed and executed form of proxy in the manner described in the Notice of the Meeting.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any

adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and thereupon the proxy is revoked.

Voting of Warrants Represented by Management Proxies

The persons named in the form of proxy accompanying this Information Circular will vote the Warrants in respect of which they are appointed proxy on any ballot that may be called for at the Meeting or any adjournment thereof in accordance with the instructions in the form of proxy. **In the absence of instructions, such persons will vote such Warrants in favour of or for each of the matters referred to in the Notice of the Meeting.**

The form of proxy accompanying this Information Circular confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of the Meeting and with respect to other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Corporation should properly be brought before the Meeting or any adjournment thereof, the Warrants represented by any proxy will be voted on such matters in accordance with the judgement of the person named in such proxy.

Non-Registered Warrantholders

Some Warrantholders beneficially own Warrants that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary ("**Non-Registered Warrantholders**").

Without specific instructions, intermediaries are prohibited from voting Warrants for their clients. If you are a Non-Registered Warrantholder, it is vital that the Voting Instruction Form provided to you by your broker, intermediary or its agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or agent, to ensure that they are able to provide voting instructions on your behalf.

If you are a Non-Registered Warrantholder, you have the right to attend and vote your Warrants directly at the Meeting. If you are a Non-Registered Warrantholder and you wish to attend the Meeting and vote your Warrants you can request, in writing, a legal proxy from your broker or other intermediary in whose name your Warrants are registered, that enables you to vote the Warrants registered in the name of that intermediary. You should carefully and promptly follow the instructions of your intermediary in this regard.

A Non-Registered Warrantholder may revoke a form of proxy or voting instruction form given to an intermediary at any time by written notice to the intermediary in accordance with the instructions given to the Non-Registered Warrantholder by its intermediary.





How to Vote your Warrants

Registered Warrantholders

If you are a registered Warrantholder you may either vote by proxy or in person at the Meeting.

Submitting Votes by Proxy

There are four ways to submit your vote by proxy:

 phone: 1-866-732-8683
 internet: www.investorvote.com
 mail: Computershare Proxy Department
135 West Beaver Creek
PO BOX 300
Richmond Hill, Ontario
L4B 4R5
 hand delivery: Computershare Trust Company of Canada
8th floor, 100 University Ave
Toronto Ontario
M5J 2Y1

in accordance with the instructions on the form of proxy.

If you are voting by phone or internet, you will need the pre-printed Control Number on your form of proxy.

A proxy submitted by mail must be in writing, dated the date on which you signed it and be signed by you (or your authorized attorney). If such a proxy is being submitted on behalf of a corporate Warranholder, the proxy must be signed by an authorized officer or attorney of that corporation, whose title should be indicated. A form of proxy executed by a person acting as attorney or in some other representative capacity should state such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act. If a proxy submitted by mail is not dated, it will be deemed to bear the date on which it was sent to you.





If you are voting your Warrants by proxy, the completed and signed proxy form or your phone or internet vote must be received by Computershare by 4:30 p.m. Toronto Time on September 8, 2017 (the "**Proxy Cut-off**") before the time set for the Meeting, or if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays of any adjournment of the Meeting.

Non Registered Warranholders

If you are a Non-registered Warranholder, you should follow your intermediary's instructions on how to vote your Warrants. These instructions are found on the Voting Instruction Form. Non-Registered Warranholders should also refer to the discussion under "Appointment and Revocation of Proxies – Non-Registered Warranholders" in this Information Circular. The Corporation has distributed copies of the Meeting Materials to intermediaries for distribution to Non-registered Warranholders. Intermediaries are required to deliver these Meeting Materials to all Non-registered Warranholders of the Corporation who have not waived their rights to receive these Meeting Materials, and to seek instructions as to how to vote the Warrants. Often, intermediaries will use a service corporation (such as Broadridge) to forward the Meeting Materials to Non-registered Warranholders.

Submitting Voting Instructions

There are four ways to submit your vote by Voting Instruction Form:

 phone
 internet
 mail
 hand delivery

in accordance with the instructions on the Voting Instruction Form.

If you are a Non-registered Warrantholder and have received a Voting Instruction Form from Computershare, you must complete and submit your vote by phone, internet, mail or hand delivery, in accordance with the instructions on the Voting Instruction Form. On receipt of a properly completed and submitted form, a legal form of proxy will be submitted on your behalf.

You must complete, sign and date your Voting Instruction Form or make sure your phone or internet vote is received by Computershare by the established proxy cut-off date before the time set for the Meeting, or any adjournment or postponement thereof, if applicable. If a Voting Instruction Form submitted by mail is not dated, it will be deemed to bear the date on which it was sent to you.

If you are a Non-registered Warrantholder and have received a Voting Instruction Form from Broadridge, please complete and submit your vote by phone, internet or mail in accordance with the instructions provided to you on the form prior to the deadline specified by Broadridge.

In some cases, you may have received a form of proxy instead of a Voting Instruction Form, even though you are a Non-registered Warrantholder. Such a form of proxy will likely be stamped by the securities dealer, broker, bank, trust company or other nominee or intermediary holding your Warrants and be restricted as to the number of Warrants to which it relates. In this case, you must complete the form of proxy and submit it to Computershare as described above under “How to Vote – Registered Warrantholders – Submitting Votes by Proxy”.

Voting in Person

If you have received a Voting Instruction Form and wish to attend the Meeting in person or have someone else (who need not be a Warrantholder) attend on your behalf, you must complete, sign and return the Voting Instruction Form in accordance with the instructions on the form in that regard. Unless prohibited by law, the person you designate to attend the Meeting will have full authority to present matters to the Meeting and vote all matters presented at the Meeting, even if those matters are not set out in the Voting Instruction Form or this Information Circular. You, or such other designated person if applicable, must then vote your Warrants in person at the Meeting.

If you have received a form of proxy instead of a Voting Instruction Form and wish to attend the Meeting in person or have someone else attend on your behalf, you must insert your name, or the name of the person you wish to attend on your behalf, in the blank space provided on the form of proxy. You must make sure that your completed and signed proxy form is received by Computershare by the established proxy cut-off date before the time set for the Meeting, or any adjournment or postponement thereof if applicable. You, or such other designated person if applicable, must then vote your Warrants in person at the Meeting.

When you or your designated person arrives at the Meeting, a Computershare representative will register such attendance before you or your designated person enters the Meeting.

Quorum

Pursuant to the Warrant Indenture (as defined below), the quorum for the Meeting consists of Warrantholders present in person or by proxy and entitled to purchase at least 25% of the aggregate number of common shares of the Corporation (“**Common Shares**”) which could be acquired pursuant to all the then outstanding and unexercised Warrants.

Pursuant to the Warrant Indenture, if a quorum of the Warrantholders shall not be present within thirty (30) minutes from the time fixed for holding any meeting, the meeting shall be adjourned to such day being not less than fifteen (15) days or more than sixty (60) days later, and to such a place or time as may be appointed by the chairman. Not less than ten (10) days prior notice shall be given of the time and place of such

adjourned meeting. At the adjourned meeting, the Warrantholders present in person or by proxy shall form a quorum and may transact any business for which the Meeting was originally convened, notwithstanding that Warrantholders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding and unexercised Warrants may not be present in person or by proxy at such adjourned meeting.

WARRANTS AND PRINCIPAL HOLDERS THEREOF

The Corporation has an aggregate of approximately 52,757,045 Warrants outstanding as at the date hereof pursuant to two (2) warrant indentures each dated December 11, 2014 as more fully described below under the heading “*Background and Reasons for the Warrant Amendments*”. Pursuant to Warrant Indenture No. 1, (“**Warrant Indenture No. 1**”) an aggregate of 31,278,599 Warrants are outstanding as of the date hereof. Pursuant to Warrant Indenture No. 2, (“**Warrant Indenture No. 2**”) an aggregate of 21,478,446 Warrants are outstanding as of the date hereof. The Corporation has called two separate meeting of Warrantholders, one in respect of Warrant Indenture No. 1 and one in respect of Warrant Indenture No. 2. At each meeting, the respective Warrantholders will be asked to approve, with or without amendments, an extraordinary resolution (as defined below) in respect of the proposed warrant amendments (as defined below).

Each holder of a Warrant of record at the close of business on August 11, 2017, the record date established for notice of the Meeting, will, unless otherwise specified herein, be entitled to one vote for each one Warrant held by such holder on all matters to be brought before the Meeting.

Other than as disclosed below, to the knowledge of the directors and officers of the Corporation, no person or corporation owns, directly or indirectly, or exercises control or direction over Warrants carrying in excess of 10% of the voting rights attached to the Warrants which may be voted at the Meeting.

To the Corporation’s knowledge, StableView Asset Management Inc. (“**StableView**”) exercise control or direction over an aggregate of 4,759,372 Warrants (representing approximately 15.2% of the outstanding Warrants under Warrant Indenture No. 1).

To the Corporation’s knowledge, David King, a former officer and director of the Corporation holds, directly and indirectly, an aggregate of 2,266,667 Warrants (representing approximately 10.55% of the outstanding Warrants under Warrant Indenture No. 2).

PARTICULARS OF MATTERS TO BE ACTED UPON

Proposed Amendment of Warrant Indentures

The Warrant Indentures confer upon the Warrantholders the power, exercisable by extraordinary resolution, to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of the Warrantholders under the respective Warrant Indentures, and also authorizes the Corporation and the Warrant Agent to enter into supplemental indentures containing such modification, abrogation, alteration, compromise or arrangement.

Given the power of the Warrantholders to supplement the Warrant Indenture, at the Meeting, the Warrantholders will be asked to consider, and if thought appropriate, to approve an Extraordinary Resolution (the “**Amendment Resolution**”) to supplement the terms of the Warrant Indenture to: (a) reduce the exercise price of the warrants to \$0.132 (being the average closing price of the Common Shares for the ten (10) trading days immediately prior to August 14, 2017, the date of the news release disclosing the Corporation’s intent to amend the Warrants); (b) reduce the exercise period to thirty (30) days from date of receipt of necessary approvals including TSX Venture acceptance and Warrantholder approval, and, as

required by TSXV policies, provide for accelerated expiry if for any ten consecutive trading days the closing price of the Corporation's common shares exceed the exercise price of the Warrants by 25% or more; (c) add the right of Warrantheolders to put the Warrants back to the Corporation in consideration of payment of \$0.0125, payable in cash, or, at the option of the Corporation, Common Shares of the Corporation; and (d) provide for automatic exercise of the put immediately prior to expiry, without any further action by the Warrantheolders, subject to applicable regulatory approvals, including the approval of the TSX Venture Exchange (the "**Warrant Amendments**"). The full text of the Amendment Resolution is set out below under the heading "*Amendment Resolution*".

Background and Reasons for the Warrant Amendments

The Warrants

The Corporation completed a private placement financing of approximately 55,011,670 Units at a price of \$0.15 in December, 2014. The private placement financing consisted of a brokered and a non-brokered component. Each Unit consisted of one (1) Common Share and one (1) Warrant, with each Warrant entitling the holder to purchase one (1) additional Common Share at a price of \$0.20 per share for a period ending on the earlier of: (i) 3 years following the issuance date of the Warrants; and (ii) the date that is 45 days from the date the Corporation provides notice to the Warrantheolders that the 20 day volume weighted average trading price of the Common Shares has exceeded \$0.30 per share where such price threshold occurs more than 12 months from the issuance date of the Warrant.

In connection with the December, 2014 private placement financing and the issuance of the Warrants, the Corporation and the Warrant Agent entered into two Warrant Indentures: (1) Warrant Indenture No. 1 in respect of the brokered portion of the private placement; and (2) Warrant Indenture No. 2 in respect of the non-brokered portion of the private placement. As of the date hereof, an aggregate of 31,278,599 Warrants are issued and outstanding pursuant to Warrant Indenture No. 1 and an aggregate of 21,478,446 Warrants are issued and outstanding pursuant to Warrant Indenture No. 2.

The Corporation's Capital Structure Rationalization

As part of its ongoing review of the Corporation's capital management program, the Corporation retained StableView in March, 2016 to provide, among other things, advice and assistance with respect to rationalization of its capital structure.

As consideration for providing fiscal advisory services, StableView will be compensated on the basis of one tenth ($\frac{1}{10}$) of one (1) Common Share of the Corporation for each convertible security, including the Warrants, which are surrendered, terminated, early exercised, early converted, accelerated expired or otherwise expired during the terms of engagement as fiscal advisor.

To date, StableView and the Corporation have undertaken:

- A. elimination of 13,600,000 Warrants expiring February 2017 held by ZDS Data Systems LLC in April, 2016; and
- B. repayment of outstanding convertible debentures upon maturity in May, 2017 and resulting elimination of the underlying common shares and warrants otherwise issuable on conversion.

In April 2016, StableView assisted the Corporation in obtaining the early surrender of an aggregate of 13,600,000 common share purchase warrants expiring February 2017. In addition, in May 2017, StableView assisted the Corporation by providing a financing for the repayment of outstanding convertible

debentures and thereby eliminating 29,308,334 Common Shares and 29,308,334 Warrants issuable pursuant to the convertible debentures.

On the advice of StableView, the Corporation has determined it is in the interests of the Corporation, the Warrantheolders and the shareholders of the Corporation to amend one or both of the Warrant Indentures and respective Warrants issued thereunder as described herein to reduce the exercise price, to reduce the exercise period, to add the right to put the Warrants to the Corporation, and to automatically exercise the put immediately prior to expiry, without any further action by the Warrantheolder. As of the date hereof, StableView exercises control or direction over an aggregate of 4,759,373 Warrants issued pursuant to Warrant Indenture No. 1.

Management and the Board of Directors of the Corporation (the “**Board of Directors**”) have, on the advice of StableView, reviewed the Corporation’s capital structure which included a significant number of securities convertible or exchangeable into Common Shares of the Corporation including warrants and convertible debentures. The elimination, where possible, of convertible securities has been determined to be in the interests of the Corporation. The proposed Warrant Amendments, if approved in respect of both Warrant Indenture No. 1 and Warrant Indenture No. 2, will have the effect of anti-dilutively eliminating an aggregate of approximately 52,757,045 Common Shares otherwise issuable upon exercise of Warrants currently outstanding thereby improving the capital structure of the Corporation.

In order to effect the proposed Warrant Amendments, Warrantheolders are being asked to consider and approve, with or without amendment, an Extraordinary Resolution as set out below.

Proposed Warrant Amendments

TSXV Policies provide the Corporation can amend the terms of Warrants if:

- (a) the Warrants are not listed for trading;
- (b) the exercise price of the Warrants is higher than the current market price;
- (c) no Warrants of the class have been exercised within the last six months;
- (d) at least two weeks remain before the expiry date of the Warrants; and
- (e) the Corporation issues a news release disclosing the proposed amendments and that the amendments are subject to Exchange acceptance.

Reduce Exercise Price

The Corporation may amend the exercise price of the Warrants, if: (a) the term of the Warrants is also amended to include an accelerated expiry clause such that the exercise period of the Warrants will be reduced to 30 days if, for any ten consecutive trading days during the unexpired term of the Warrant, the closing price of the Common Shares exceeds the exercise price of the Warrants by 25% or more; (b) the amended exercise price is not less than the average closing price of the Common Shares for the ten trading days immediately prior to the date of the news release; (c) the exercise price of the Warrant has not previously been amended; and (d) the Corporation’s directors, officers and Control Persons (as defined in TSXV Policies) beneficially own, in the aggregate, no more than 10% of the total number of Warrants to be repriced. As the Warrants are subject to a Warrant Indenture, the repricing must receive the level of Warrantheolder approval prescribed by the Warrant Indenture.

Accordingly, the Corporation proposes to reduce the exercise price to \$0.132 upon warrantheolder approval.

Reduce Exercise Period

In addition to the accelerated expiry clause required in connection with exercise price reduction, the Corporation proposes to reduce the exercise period to thirty (30) days from date of receipt of necessary approvals including TSXV acceptance and Warrantholder approval.

Add Put Right

The Warrants will be supplemented to add the right of Warrantholders to put the warrants back to the Corporation in consideration of payment of \$0.0125, payable in cash, or, at the option of the Corporation, Common Shares of the Corporation.

The determination of the put exercise price was made based upon a Black-Scholes analysis of the current fair value of the Warrants.

The Corporation proposes to add to each Warrant an additional right of Warrantholders to put the warrant to the Corporation in consideration of the payment by the Corporation to the Warrantholder of \$0.0125. In determining the payment, the Company used Black-Scholes methodology to estimate a fair value of the Warrants. The Black-Scholes methodology, a recognized mathematical model and formula, estimates the fair value of derivative instruments (such as Warrants) based on observable input parameters and expected future volatility of the underlying asset (such as the Common Shares). Black-Scholes option-pricing model is used for valuing, among others, stock options for financial reporting purposes. International Financial Reporting Standards (“IFRS”) specifies financial reporting for share-based payment transactions (IFRS2) and includes guidance on measurement of the fair value of options and the use of the Black-Scholes-Merton formula. NI 52-107 - Acceptable Accounting Principles and Auditing Standards mandates in Canada use of IFRS by way of reference to Canadian generally accepted accounting principles applicable to publically accountable enterprises, being IFRS as incorporated into the Handbook of the Canadian Institute of Chartered Accountants. The Warrants were valued using the following inputs:

Exercise Price	Current Market	Expiry Date	Time to Expire (days)	Risk Free Interest Rate	Annual Volatility
\$0.20	\$0.13	December 11, 2017	123	0.71%	102%

Some trading data considered by the Corporation includes:

52 Week High	52 Week Low	50-Day Moving Average	200-Day Moving Average	Average Volume (3 month)	Average Volume (10 day)
0.23	0.08	0.14	0.15	166,750	68,950

Monthly Trading					
Date	Open	High	Low	Close	Volume
2017					
July	0.17	0.17	0.13	0.14	1,680,200
June	0.14	0.17	0.12	0.17	4,361,800
May	0.16	0.17	0.14	0.14	5,869,800
April	0.17	0.17	0.14	0.17	3,862,900
March	0.17	0.2	0.15	0.17	4,718,000
February	0.13	0.22	0.12	0.16	9,311,200
January	0.12	0.14	0.09	0.13	2,883,800
2016					
December	0.09	0.12	0.08	0.11	4,700,700
November	0.12	0.13	0.08	0.09	2,232,300
October	0.12	0.23	0.1	0.12	4,242,800
September	0.12	0.14	0.11	0.12	2,902,100
August	0.11	0.13	0.1	0.12	1,859,800

Automatic Put Exercise

The inclusion of the automatic put exercise immediately prior to expiry ensures all Warrantholders who determine not to exercise Warrants at the reduced exercise price will receive the value of their Warrants in cash or at the option of the Corporation, in Common Shares, subject to TSXV approval.

Benefits of Proposed Warrant Amendments

In considering whether to recommend the approval of the proposed Warrant Amendments and the Extraordinary Resolution to the Warrantholders, the Board of Directors has given consideration to a number of factors including:

1. reducing uncertainty related to market price vagaries and the contingent nature of the Warrants;
2. minimizing dilution;
3. reducing the amount of convertible securities of the Corporation and enhancing the Corporation's balance sheet;
4. providing flexibility for the Corporation to raise capital to fund the continued build-out and expansion of the Corporation's products and operations; and
5. allowing Warrantholders to participate more effectively and efficiently in the equity upside of the Corporation.

The above discussion of the information and factors considered by the Board of Directors is not intended to be exhaustive but is believed by the Board of Directors to include the material factors considered by the Board of Directors in its decision to recommend the approval of the Extraordinary Resolution. The Board of Directors did not consider it practical, nor did it attempt, to quantify or otherwise assign relative weights to the foregoing factors that were considered in reaching its decision. In addition, in considering the factors

described above, individual members of the Board of Directors may have given different weights to various factors and may have applied different analyses to each of the material factors considered by the Board of Directors. The members of the Board of Directors made their recommendation based upon the totality of the information presented to and considered by them.

Amendment Resolution

For the reasons described above, the Board of Directors of the Corporation unanimously recommends that Warrantholders vote “FOR” the following Extraordinary Resolution, which must be approved by the holders of not less than 66 ²/₃ % of the aggregate number of Warrants represented at the Meeting in person or by proxy and voted upon a poll:

BE IT RESOLVED BY EXTRAORDINARY RESOLUTION THAT:

1. The Warrant Indenture (“**Warrant Indenture**”) dated December 11, 2014 between Clarocity Corporation (the “**Corporation**”) and Computershare Trust Company of Canada, as warrant agent (the “**Warrant Agent**”) and the warrants issued thereunder be amended (the “**Warrant Amendments**”) as required to: (a) reduce the exercise price of the warrants to \$0.132; (b) reduce the exercise period to thirty (30) days from date of receipt of necessary approvals including TSX Venture and Warrantholder approvals, and, as required by TSXV policies, provide for accelerated expiry if for any ten consecutive trading days the closing price of the Corporation’s common shares exceed the exercise price of the warrants by 25% or more; (c) add the right of Warrantholders to put the warrant back to the Corporation in consideration of payment to the Warrantholder of \$0.0125, payable in cash, or, at the option of the Corporation, Common Shares of the Corporation; and (d) provide for automatic exercise of the put immediately prior to expiry without any further action by the Warrantholders;
2. The Warrant Amendments be and are hereby authorized and approved, and the Corporation and Warrant Agent be and are hereby authorized to execute and deliver a supplemental indenture which supplemental indenture incorporates the Warrant Amendments, and execution as aforesaid by both the Corporation and Warrant Agent shall be conclusive evidence of the approval of such supplemental indenture;
3. To the extent that any non-material amendments to the form of warrant certificate (the “**Warrant Certificate**”) are necessary in connection with the Warrant Amendments, the Corporation and Warrant Agent be and are hereby authorized to approve such amendments to the Warrant Certificate, provided that such amendments, as determined by the Warrant Agent in its sole discretion, do not change the terms of the Warrants in any way that is adverse to the Warrantholders, and the execution by the Warrant Agent and the Corporation of the amended Warrant Certificates shall be conclusive evidence of such approval;
4. The Warrant Agent is hereby authorized and directed to, on behalf of Warrantholders, negotiate the final form, enter into, execute, under the corporate seal of the Corporation or otherwise, deliver or cause to be delivered or accept, as the case may be, any amending agreement or supplemental indenture or such other agreements and documents in order to give effect to the intent of these resolutions with such additions thereto, changes therein and deletions therefrom, if any, as such officer or director shall consider necessary or desirable and shall approve, such approval to be conclusively evidenced by his or her execution thereof;

5. Any one officer or director of the Corporation, be and he or she is hereby authorized and directed to negotiate the final form, enter into, execute, under the corporate seal of the Corporation or otherwise, deliver or cause to be delivered or accept, as the case may be, for and on behalf of the Corporation, any amending agreement or supplemental indenture or such other agreements and documents in order to give effect to the intent of these resolutions with such additions thereto, changes therein and deletions therefrom, if any, as such officer or director shall consider necessary or desirable and shall approve, such approval to be conclusively evidenced by his or her execution thereof; and

6. Notwithstanding that this resolution has been duly passed by Warrantholders, the directors of the Corporation be, and they are hereby, authorized and empowered to abandon and revoke this resolution at any time and to not proceed with the transactions contemplated by entering into a supplemental indenture, without further approval of the Warrantholders.

Warrantholder Approval

In order for the Extraordinary Resolution to be passed, it must be proposed at a meeting of Warrantholder at which there are present in person or by proxy Warrantholders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all then outstanding and unexercised Warrants and passed by the affirmative votes of Warrantholders entitled to acquire not less than $66\frac{2}{3}\%$ of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding and unexercised Warrants represented at the meeting and voted on the poll upon such resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Extraordinary Resolution at the Meeting. The Board of Directors unanimously recommends that Warrantholders vote FOR the Warrant Amendments.

Recommendation of the Board of Directors

The Board of Directors has concluded the Warrant Amendments and Amendment Resolution are in the best interests of the Corporation, and as such, authorized submission of this Information Circular and the proposed Amendment Resolution to Warrantholders for approval.

Other Approvals

Pursuant to the requirements of the TSXV, the proposed Warrant Amendments must be approved by the TSXV. The Corporation has requested and obtained conditional approval of the TSXV for the Warrant Amendments and issuance of Common Shares to the Warrantholders being considered by Warrantholders at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or senior officer of the Corporation, or associate or affiliate of any such director or senior officer, is or has been indebted to the Corporation since the beginning of the last completed financial year of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as described elsewhere herein, none of the directors or executive officers of the Corporation, nor any of their associates or affiliates, has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described in this Information Circular, and to the knowledge of the Corporation, none of the directors, officers or Insiders of the Corporation, or any associate or affiliate of the foregoing has, or has had, any material interest in any transaction since the commencement of the last financial year or in any proposed transaction that has materially affected, or will materially affect, the Corporation or any of its affiliates except as set out below.

OTHER BUSINESS

As of the date of this Information Circular, the Board of Directors does not know of any other matters to be brought to the Meeting, other than those set forth in the Notice of Meeting. If other matters are properly brought before the Meeting, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Warrantheolders can request copies of the Corporation's financial statements and Management's Discussion & Analysis by contacting the Corporation at info@clarocity.com. The Corporation's financial information is provided in the Corporation's comparative financial statements and Management's Discussion & Analysis for the financial year ended December 31, 2016, which documents were filed on SEDAR on April 26, 2017.

Forward-Looking Information

From time to time, the Corporation makes written and oral forward-looking statements and otherwise provides forward-looking information within the meaning of applicable Canadian securities laws (collectively, "**forward-looking information**"), including certain forward-looking information contained in this Information Circular. Forward-looking information is typically identified by future or conditional verbs such as "will", "should", "would" and "could" or words such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

The forward-looking information in the Information Circular includes references to, but is not limited to: the approval of the Extraordinary Resolution by Warrantheolders at the Meeting; the proposed amendments of the Warrant Indentures; the issuance of Common Shares to the Warrantheolders; and the receipt of required regulatory approvals, including the approval of the TSXV. By its very nature, forward-looking information involves numerous assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that the Corporation's predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.

A variety of factors, many of which are beyond the Corporation's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to: that the Warrantheolders may not approve the Extraordinary Resolution at the Meeting;

and that the Corporation may not be able to obtain required regulatory approvals in respect of the Warrant Amendments. it is important to note that the preceding list is not exhaustive of possible factors.

These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking information as a number of important factors could cause events and the Corporation's actual results to differ materially from the expectations expressed in such forward-looking information. Unless required by securities law, the Corporation does not undertake to update any forward-looking information, whether written or verbal, that may be made from time to time by it or on its behalf.

The forward-looking information contained in this Information Circular is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the directors of the Corporation.