NOTICE OF SPECIAL MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR
SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON THURSDAY, JANUARY 21, 2016

RELATING TO
A PLAN OF ARRANGEMENT
INVOLVING COM DEV INTERNATIONAL LTD.,
ITS SHAREHOLDERS,
HONEYWELL LIMITED/HONEYWELL LIMITÉE
AND HONEYWELL INTERNATIONAL INC.

December 21, 2015

These materials are important and require your immediate attention. Please carefully read this Management Information Circular, including its schedules and documents incorporated by reference herein, as they contain detailed information relating to, among other things, the Plan of Arrangement that the Shareholders are being asked to approve at the Meeting.

THE ARRANGEMENT AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY INCLUDING, WITHOUT LIMITATION, ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE, NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

If you are in doubt as to how to deal with these materials or the matters they describe, please consult your professional advisor or please contact the Company's proxy solicitation agent, Laurel Hill Advisory Group, toll free at 1-877-452-7184 (416-304-0211 by collect call) or by email at assistance@laurelhill.com.

December 21, 2015

Dear COM DEV Shareholders:

On behalf of your Board of Directors, you are cordially invited to attend the special meeting (the "**Meeting**") of the holders (the "**Shareholders**"**)** of the common shares (the "**Common Shares**") of COM DEV International Ltd. (the "**Company**"). The Meeting will be held at the Holiday Inn, 200 Holiday Inn Dr., Cambridge, Ontario on Thursday, January 21, 2016 at 10:00 a.m. (Eastern Standard Time).

At the Meeting, you will be asked to consider and vote upon, among other things, a plan of arrangement (the "**Arrangement**") contemplated by the arrangement agreement (the "**Arrangement Agreement**") among the Company, Honeywell Limited/Honeywell Limitée (the "**Purchaser**") and Honeywell International Inc. (the "**Parent**") entered into on November 5, 2015. The purpose of the Arrangement is, among other things, to permit the acquisition, of all of the issued and outstanding Common Shares by the Parent through its Canadian subsidiary, the Purchaser and to facilitate the spinout of the Company's interest in exactEarth Ltd. ("**exactEarth**")

Upon the Arrangement becoming effective, Shareholders will receive an initial cash payment of $5.125 per Common Share and 0.1977 of a common share (an "**exactEarth Share**") of exactEarth (subject to adjustment). Each Shareholder will be eligible to receive a second payment approximately two weeks following the closing date of up to $0.125 per Common Share (the "**Contingent Payment**") all as set out in more detail in the accompanying management information circular (the "**Circular**").

Terms not expressly defined herein shall have the meanings given to them in the Circular.

The Board of Directors (the "**Board**"), based in part on the unanimous recommendation of the special committee of the Board (the "**Special Committee**") and the fairness opinion received from Canaccord Genuity Corp., as more particularly described in the accompanying Circular, has unanimously determined that the proposed Arrangement is in the best interests of the Company and is fair from the point of view of the Shareholders. Accordingly, the Board has unanimously approved and recommends that Shareholders vote **IN FAVOUR** of the Arrangement. The determination of the Special Committee and the Board is based on various factors described more fully in the accompanying notice of special meeting and Circular.

Assuming that exactEarth is valued at an enterprise value of $125 million, the 0.1977 of an exactEarth Share (subject to adjustment) would be valued at approximately $1.29 per Common Share. Based on this assumption, the total consideration under the Arrangement has a value of up to $6.54 per Common Share and represents a 46% premium over the closing price of the Common Shares of $4.49 on the Toronto Stock Exchange (the "**TSX**") on October 6, 2015, the day prior to confirmation by the Company that it was engaged in discussions regarding a potential change of control transaction involving the Company. The total consideration represents a 61% premium over the volume weighted average price of the Common Shares on the TSX for the 20 consecutive trading days ended March 9, 2015, the date on which the Company provided a strategic update with respect to exactEarth and a refresh of its strategic plan.

To become effective, the Arrangement must be approved by a special resolution passed by at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting. Shareholders are entitled to one vote for each Common Share held. The Directors and one significant Shareholder of the Company have entered into voting support agreements with the Purchaser pursuant to which they have agreed to vote an aggregate of approximately 11% of the outstanding Common Shares held by them in favour of the Arrangement. The Arrangement is also subject to approval by the Ontario Superior Court of Justice (Commercial List) and is subject to the satisfaction of certain other conditions.

On completion of the Arrangement, all of the Company's exactEarth Shares will be distributed to the Shareholders. The TSX has conditionally approved the listing of the exactEarth Shares, however, such approval is subject to exactEarth fulfilling certain standard conditions contained therein and there can be no assurance when, or if, the exactEarth Shares will be listed.

The attached Notice of Special Meeting and Circular describe in detail the Arrangement and the procedures to be followed at the Meeting. Please review the Circular carefully, as it has been prepared to assist you in making an informed decision with respect to the Arrangement. Shareholders should consider consulting their tax, financial, legal or other advisors to explain the implications of the Arrangement.

The proposed Arrangement will have a significant impact on the Company and exactEarth. The Board wishes to convey the importance of having the Common Shares held by all Shareholders represented at the Meeting. Whether or not you are able to attend in person, the Board urges you to complete, sign and date the applicable enclosed proxy form and return it in the envelope provided to the office of the company's Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 as soon as possible and, in any event, by no later than 10:00 a.m. (Eastern Standard Time) on Tuesday, January 19, 2016. Completed proxies may be deposited with the Chair of the Meeting immediately prior to its commencement. Please review the Circular for additional details on how to vote your Common Shares. If you require further assistance, please do not hesitate to contact the Company's proxy solicitation agent, Laurel Hill Advisory Group, toll free at 1-877-452-7184 (416-304-0211 by collect call) or by email at assistance@laurelhill.com.

If you are not registered as the holder of Common Shares but hold your Common Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Common Shares.

If you are a registered holder of Common Shares, you are also encouraged to complete and return the enclosed Letter of Transmittal (printed on yellow paper) (the "**Letter of Transmittal**"), together with the certificates representing your Common Shares to Computershare Trust Company of Canada, at the address specified on the last page of the Letter of Transmittal. The Letter of Transmittal contains other procedural information relating to the Arrangement and should also be reviewed carefully. It is recommended that you complete, sign and return the Letter of Transmittal together with the certificates representing your Common Shares as applicable to Computershare Trust Company of Canada as soon as possible, and preferably prior to January 21, 2016. Please be advised that you will not receive the Consideration and certificates representing exactEarth Shares until after the Arrangement has been completed, and in the case of registered holders of Common Shares, until you have returned a properly completed Letter of Transmittal together with the certificates representing your Common Shares.

If you hold your Common Shares through a broker or other intermediary, please contact that broker or intermediary for instructions and assistance in receiving the exactEarth Shares and consideration in respect of such Common Shares.

Holders of the Common Shares are also advised that they are provided with rights of dissent with respect to the Arrangement. Please review the Circular carefully if you are contemplating exercising these rights.

Subject to the satisfaction of all conditions to the Arrangement, including the required Court approval, if Shareholders of the Company approve the Arrangement, it is anticipated that the Arrangement will be completed by the end of March 2016.

On behalf of the Company, we would like to thank you for your past and ongoing support.

Yours truly,

"*Michael Pley*"

Michael Pley
Chief Executive Officer
COM DEV International Ltd.

COM DEV INTERNATIONAL LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Special Meeting (the "**Meeting**") of holders of common shares ("**Shareholders**") of COM DEV International Ltd. (the "**Company**") will be at the Holiday Inn, 200 Holiday Inn Dr., Cambridge, Ontario on the 21st day of January, 2016 at the hour of 10:00 a.m. (Eastern Standard Time) for the following purposes:

1. to consider pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated December 15, 2015 (the "**Interim Order**") and, if deemed advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in **Appendix "A"** to the accompanying management information circular (the "**Circular**"), to approve a plan of arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**") whereby, among other things, (a) holders of Common Shares of the Company will receive, for each Common Share that they hold, up to $5.25 in cash and 0.1977 of a common share (an "**exactEarth Share**"), subject to adjustment, in the capital of exactEarth Ltd. ("**exactEarth**") and (b) Honeywell International Inc. (the "**Parent**") will acquire, through its indirect wholly-owned Canadian subsidiary Honeywell Limited/Honeywell Limitée (the "**Purchaser**") all of the issued and outstanding shares in the capital of the Company; and

2. to transact such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be addressed at the Meeting including the Arrangement, and is deemed to form part of this Notice of Meeting.

A copy of the Circular, a form of proxy, a form of Letter of Transmittal and a return envelope accompany this Notice of Meeting. A copy of the arrangement agreement dated November 5, 2015 is available for review under the Company's profile on SEDAR at www.sedar.com.

Only holders of record of the Common Shares at the close of business on December 17, 2015 (the "**Record Date**") will be entitled to vote (together as a single class) in respect of the approval of the Arrangement on the basis of one vote per Common Share.

Shareholders are entitled to vote at the Meeting either in person or by proxy. Registered Shareholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 by 10:00 a.m. (Eastern Standard Time) on the second last business day immediately preceding the Meeting (or any adjournment or postponement thereof).

If you are a Non-Registered Holder, please refer to the section in the Circular entitled "General Proxy Information – Advice to Beneficial Shareholders" for information on how to vote your Common Shares.

Pursuant to the Interim Order, holders of the Common Shares of the Company have been granted the right to dissent from the resolution approving the Arrangement and to be paid the fair value for their New Common Shares in accordance with the terms and conditions of the Interim Order and section 190 of the CBCA. The right to dissent is described in the Circular under the heading "Dissent Rights". The text of section 190 of the CBCA is appended to the Circular as **Appendix "F"**.

Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, with respect to the Arrangement may result in the loss of any right to dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Common Shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise the right to dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on behalf of the holder.

DATED at Cambridge, Ontario this 21st day of December, 2015.

On Behalf of the Board of Directors
"Micheal Pley"
MICHAEL PLEY
Chief Executive Officer

TABLE OF CONTENTS

Capitalized terms in this Circular shall have the meaning ascribed to such terms in the "Glossary of Terms".

DISCLAIMERS

THE ARRANGEMENT AS DESCRIBED HEREIN HAS NOT BEEN APPROVED BY ANY SECURITIES REGULATORY AUTHORITY (INCLUDING, WITHOUT LIMITATION, ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR ANY SECURITIES AUTHORITY OF ANY U.S. STATE), NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR OR UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

THE ARRANGEMENT AND THE EXACTEARTH SHARES AND THE NEW COMMON SHARES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC") OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The exactEarth Shares and New Common Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement have not been registered under the U.S. Securities Act or applicable state securities laws and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, and similar exemptions from registration under applicable state securities law. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on December 15, 2015 and, subject to the approval of the Arrangement by the Company's Shareholders, a hearing on the Arrangement will be held on January 25, 2016 at 10:00 a.m. (Toronto Time) or as soon as practicable thereafter. All Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the exactEarth Shares and New Common Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See the section of the Circular entitled "The Arrangement –Regulatory Law Matters and Securities Law Matters".

The solicitation of proxies in this Circular is not subject to the requirements of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers (as defined in Rule 3b-4 under the U.S. Exchange Act). Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, which are different from the requirements applicable to proxy solicitations under the U.S. Exchange Act.

The financial statements and other financial information included or incorporated by reference in this Circular have been prepared in accordance with GAAP and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles and United States auditing and auditor independence standards.

Shareholders should be aware that the issuance to Shareholders of exactEarth Shares and New Common Shares and the acquisition of the New Common Shares by Honeywell pursuant to the Arrangement described herein may have tax consequences in both the United States and Canada. Shareholders resident in the United States and other Non-Resident Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement.

The enforcement by investors of civil liabilities under the United States Securities Laws may be affected adversely by the fact that the Company, exactEarth and the Purchaser are each organized under the laws of a jurisdiction outside the United States, that most of their respective officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a portion of the assets of the Company, exactEarth and the Purchaser and such other persons may be located outside the United States. As a result, it may be difficult or impossible for Shareholders resident in the United States to effect service of process within the United States upon the Company, exactEarth, the Purchaser their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Shareholders resident in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

The New Common Shares will be acquired from Shareholders by the Purchaser pursuant to the Arrangement. The exactEarth Shares to be issued to Shareholders pursuant to the Arrangement will be freely transferable under U.S. Securities Laws, except by persons who are "affiliates" (as such term is understood under U.S. Securities Laws) of exactEarth after the Effective Date, or were "affiliates" of exactEarth within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such exactEarth Shares by such an "affiliate" (or former "affiliate") may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. See the section of the Circular entitled "Securities Law Considerations – U.S. Securities Laws Matters".

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, exactEarth or Honeywell.

NOTICE TO COM DEV SHAREHOLDERS WITH RESPECT TO CANADIAN TAX CONSEQUENCES

Shareholders should be aware that the disposition of New Common Shares pursuant to the Arrangement or the exercise of Dissent Rights may have tax consequences in Canada which are not fully described herein. See the section of the Circular entitled "Certain Canadian Federal Income Tax Considerations". Shareholders should contact their tax advisors to understand the tax implications.

REPORTING CURRENCY

In this document, unless otherwise specified, all references to "dollars" or "$" or "CDN" are to Canadian dollars.

FORWARD LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Circular and the information incorporated by reference herein, constitutes "forward-looking information" within the meaning of applicable Canadian Securities Laws concerning the business, operations and financial performance and condition of the Company and exactEarth. These forward-looking statements are often identified by the words "may", "might", "could", "would", "will", "can", "should", "believes", "anticipates", "plans", "expects", "intends", "continue",

"potential", "guidance", "foresee", "goal", "pro forma", "adjusted pro forma", "contracted", "target", "appear" and the negative of these terms or other comparable or similar terminology or expressions. These include statements regarding (i) expectations regarding whether the Arrangement will be consummated, including whether conditions to the consummation of the Arrangement will be satisfied, the receipt of the Regulatory Approvals and Key Consents and Approvals, or the timing for completing the Arrangement, (ii) the terms of agreements with holders of Common Shares, Options, Share Awards and ESPP Shares; (iii) the treatment of Securityholders under applicable Tax laws; (iv) the delisting of the Common Shares from the TSX; (v) exactEarth becoming a reporting issuer; (vi) the Company and exactEarth's operations, anticipated financial performance, business prospects and strategies; and (vi) expectations for other economic, business and/or competitive factors.

Such forward-looking information reflects current beliefs of management of the Company and exactEarth and is based on information currently available to them. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the Company and exactEarth. Forward-looking information involves significant risks and uncertainties and should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not, or the times at which, or by which, such performance or results will be achieved; readers are cautioned not to place undue reliance on such forward-looking statements.

The forward-looking statements contained in this Circular are based on numerous assumptions which may prove incorrect and which could cause actual results or events to differ materially from the forward-looking statements. Although these forward-looking statements are based upon what management of the Company and exactEarth believe are reasonable assumptions, neither the Company nor exactEarth can assure Shareholders, that actual results will be consistent with this forward-looking information. Such assumptions include, but are not limited to, the assumptions set forth in this Circular, as well as (i) that the Arrangement will be completed in accordance with the terms and conditions of the Arrangement Agreement and other transaction documents and on the timelines contemplated by the Parties thereto, (ii) the Regulatory Approvals and other approvals will be obtained on the basis and timelines anticipated by the Parties, (iii) that the other conditions to the closing of the Arrangement will be satisfied, (iv) that exactEarth will successfully realize the operational and financial benefits described herein; (v) assumptions relating to general economic and market factors, including exchange rates, interest rates and the availability of equity and debt financing to exactEarth.

These forward-looking statements may be affected by risks and uncertainties in the business of the Company and exactEarth and market conditions, including that the assumptions upon which the forward-looking statements in this Circular and the documents incorporated by reference herein are based may be incorrect in whole or in part. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Additional risks and uncertainties include, but are not limited to, (i) the risk that the Arrangement may not close when planned or at all or on the terms and conditions set forth in the Arrangement Agreement, (ii) the failure to obtain the approval of Shareholders of the Arrangement Resolution, the necessary Court approval, Regulatory Approvals and Key Consents and Approvals required in order to proceed with the Arrangement, (iii) the ability to retain key personnel both before and after the Arrangement is completed and the ongoing relations between the Company and its suppliers, customers, distributors and other parties, (iv) the completion of the Spinout Transaction and issues relating to the market capitalization of exactEarth, including any Taxes resulting from the Spinout Transaction, and (v) the consummation of the Plan of Arrangement being dependent on the satisfaction of customary closing conditions. A detailed description of the risk factors affecting the Company can be found starting on page 18 of the Company's annual information form dated January 14, 2015 in the section entitled "Narrative Description of the Business — Risk Factors" as well as the risks relating to the business of exactEarth described in **Appendix "E"** – "Information Concerning exactEarth Ltd – Risk Factors". The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. Other risks and uncertainties not presently known to the Company and exactEarth or that the Company and exactEarth presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

These forward-looking statements are made as of the date of this Circular and, other than as specifically required by law, neither of the Company or exactEarth assumes any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the

occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise, except as required by applicable Law.

INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Circular is given as of December 21, 2015, except where otherwise noted. No person has been authorized to give any information or to make any representations in connection with the Arrangement and the other matters discussed in this Circular other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company or exactEarth and should not be relied upon.

This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular. Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

Descriptions in this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement, as well as other key transaction documents, are summaries of the terms of those documents. Shareholders should refer to the full text of each of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement may be viewed on SEDAR at www.sedar.com. The Plan of Arrangement is appended to the Circular as **Appendix "B"**. Other documents summarized in this Circular are also available on SEDAR at www.sedar.com.

INFORMATION PERTAINING TO EXACTEARTH

Certain information in this Circular pertaining to exactEarth, including, but not limited to, information contained in **Appendix "E"** – "Information Concerning exactEarth", including the historical consolidated financial statements of exactEarth contained therein has been furnished by exactEarth. Although the Company does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Company nor any of its Directors or officers assumes any responsibility for the accuracy or completeness of such information including any of exactEarth's financial statements, or for the failure by exactEarth to disclose events or information that may affect the completeness or accuracy of such information.

INFORMATION PERTAINING TO HONEYWELL

Certain information in this Circular pertaining to Honeywell has been furnished by the Purchaser or the Parent. Although the Company does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Company nor any of its Directors or officers assumes any responsibility for the accuracy or completeness of such information.

The Parent is incorporated under the laws of a foreign jurisdiction and the directors and officers of the Parent reside outside of Canada. All of the assets of these persons and the Parent may be located outside Canada. The Parent has appointed WeirFoulds LLP, 4100 – 66 Wellington Street West, P.O. Box 35, Toronto-Dominion Centre, Toronto, Ontario M5K 1B7, Canada as its agent for service of process in Canada, but it may not be possible for investors to effect service of process within Canada upon all of the directors and officers referred to above. It may also not be possible to enforce against the Parent and its directors and officers judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Q&A ON THE ARRANGEMENT, VOTING RIGHTS AND SOLICITATION OF PROXIES

*The following is intended to answer certain key questions concerning the Arrangement and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Plan of Arrangement contained in **Appendix "B"**. Capitalized terms used in this summary and elsewhere in this Circular and not otherwise defined are defined in the "Glossary of Terms" which follows this summary.*

What is this Document?

This Circular is a management information circular sent to Shareholders in advance of a special meeting of shareholders as set out in the Notice of Special Meeting of Shareholders (the "**Notice of Meeting**"). This Circular provides additional information respecting the business of the Meeting, COM DEV International Ltd. (the "**Company**"), exactEarth Ltd. ("**exactEarth**"), Honeywell Limited/Honeywell Limitée (the "**Purchaser**") and Honeywell International Inc. (the "**Parent**" and together with the Purchaser, "**Honeywell**"). References in this Circular to the Meeting include any adjournment or postponement that may occur. A form of proxy or Voting Instruction Form accompanies this Circular.

When and where is the Meeting?

The Meeting will be held at the Holiday Inn, 200 Holiday Inn Dr., Cambridge, Ontario at 10:00 a.m. (Eastern Standard Time) on Thursday, January 21, 2016.

Who is soliciting my proxy?

Proxies are being solicited in connection with this Circular by the management of the Company. Costs associated with the solicitation will be borne by the Company. The solicitation will be made primarily by mail, but proxies may also be solicited personally by regular employees of the Company to whom no additional compensation will be paid. The Company has also retained Laurel Hill Advisory Group as proxy solicitation agent and will pay fees of approximately $50,000 for its proxy solicitation services in addition to certain out-of-pocket expenses.

Who can attend the Meeting?

Registered Shareholders and duly appointed proxyholders may attend the Meeting in person. If you are a Non-Registered Shareholder and wish to attend the Meeting in person, you may appoint yourself as proxyholder by inserting your name in the appropriate space on the paper proxy form or Voting Instruction Form, or electronic proxy if voting electronically, or by following the instructions provided by your Intermediary.

Who is eligible to vote?

Shareholders of record at the close of business on December 17, 2015 (the "**Record Date**") will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

What will Shareholders be voting on?

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving the Arrangement involving the Purchaser, the Parent, the Company and exactEarth. The full text of the Arrangement Resolution is set out in **Appendix "A"** to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by not less than two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting. See the section of the Circular entitled "Matters to be Acted Upon – the Arrangement".

What is the Arrangement?

The Arrangement is an arrangement transaction pursuant to which, among other things, the Purchaser will acquire the Company and, each Shareholder will receive, in consideration for each of their Common Shares, an initial cash payment of $5.125 per Common Share and 0.1977 of an exactEarth Share (subject to adjustment). Each Shareholder will be eligible to receive a second payment approximately two weeks following the Effective Date of up to $0.125 per Common Share. The Arrangement is being carried out pursuant to the terms of the Arrangement Agreement and will be conducted in accordance with a court approved Plan of Arrangement under the CBCA. As a result of the Arrangement, the Company will become a wholly-owned subsidiary of the Purchaser. See the section of the Circular entitled "Matters to be Acted Upon – The Arrangement – Overview of the Arrangeemnt",

Why is the Consideration divided into two payments? How much will I receive from the second payment?

Following certain exactEarth pre-closing capital changes described under "Matters to be Acted Upon – The Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction", the Company is expected to hold approximately 15,722,605 exactEarth Shares, which will be distributed to all Securityholders proportionately. Assuming that exactEarth is valued at an enterprise value of $125 million, implying a price per exactEarth Share of $6.50, the value of the exactEarth Shares held by the Company would be approximately $102,196,933.

In connection with the distribution of the exactEarth Shares to Securityholders, the Company will incur capital gains Taxes on any increase in value of the exactEarth Shares above the Company's cost base. Pursuant to the terms of the Arrangement Agreement, the Company and Honeywell agreed on an allocation of any risks associated with an increase in the Taxes payable beyond the amount anticipated by the Company. The Arrangement Agreement provides that the Purchaser will deposit in trust with the Depositary the Contingent Payment Amount, which represents approximately $0.125 per Security. The Contingent Payment Amount will be used to satisfy the estimated increased Taxes that may be owing in circumstances where the exactEarth Shares increase in value over the first five trading days on which the exactEarth Shares are trading and, to the extent not required to satisfy an estimated increased Tax liability, such amount will be distributed to Securityholders.

Specifically, if the aggregate market value of the exactEarth Shares distributed by the Company is less than or equal to $112,400,000, which represents a share price of approximately $7.15 per exactEarth Share, then the full Contingent Payment Amount, together with interest accrued on such amount, if any, will be paid and distributed by the Depositary to former Securityholders on a pro rata basis.

If the aggregate market value of the exactEarth Shares distributed by the Company exceeds $112,400,000, representing a per share price of more than $7.15 per exactEarth Share, then: (A) a portion of the Contingent Payment Amount equal to: (1) the amount by which the aggregate market value of the exactEarth Shares distributed by the Company exceeds $112,400,000, multiplied by (2) 13%, will be paid to the Purchaser; and (B) the balance of the Contingent Payment Amount, together with interest accrued thereon, if any, will be paid and distributed by the Depositary to Securityholders on a pro rata basis.

The aggregate market capitalization of the exactEarth Shares distributed by the Company will be calculated on the basis of the volume-weighted average trading price for the exactEarth Shares on the TSX (or such other stock exchange as the exactEarth Shares may be listed and posted for trading if not listed on the TSX) for the first five days on which the TSX is open for trading immediately following the initial listing of the exactEarth Shares.

Accordingly, depending on the value of the exactEarth Shares (calculated in accordance with the above), Securityholders could receive their pro rata portion of the Contingent Payment Amount (plus interest, if any), being up to $0.125 per Security.

The right to receive a Contingent Payment, if any, is not transferable.

Who is exactEarth?

exactEarth is a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. Since its establishment in 2009, exactEarth has pioneered a powerful new method of maritime surveillance called Satellite-Automatic Identification System ("**AIS**") and has delivered to its clients a view of maritime behaviours across all regions of the world's oceans unrestricted by terrestrial limitations. exactEarth has deployed an operational data processing supply chain involving a constellation of satellites, receiving ground stations, patented decoding algorithms and advanced "big data" processing and distribution facilities. This ground-breaking system provides a comprehensive picture of the location of AIS equipped maritime vessels throughout the world and allows exactEarth to deliver data and information services characterized by high performance, reliability, security and simplicity to large international markets. For further information on exactEarth please see **Appendix "E"** – "Information Concerning exactEarth".

How many exactEarth Shares will I receive as part of the Arrangement?

In connection with the Arrangement, the Company will be completing the Spinout Transaction, being a distribution to Securityholders of the Company's interest in exactEarth. exactEarth Shares will be distributed to Shareholders and holders of Options, Share Awards and ESPP Shares. As of the date of announcement of the Arrangement, we calculated that each holder of Securities was expected to receive, in respect of each Security, 0.1977 of an exactEarth Share.

Following certain exactEarth pre-closing capital changes described under the heading "Matters to be Acted Upon – The Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction", the Company is expected to hold approximately 15,722,605 exactEarth Shares, which will be distributed to all holders of Securities proportionately. Accordingly, the portion of an exactEarth Share that a Securityholder will receive for each Security held is dependent on the aggregate number of Securities outstanding on a fully-diluted basis, which may, subject to the limitations set forth in the Arrangement Agreement, change prior to the Effective Date.

In addition, pursuant to the Plan of Arrangement, Securityholders will not be entitled to fractional exactEarth Shares. Following the Effective Time, if the aggregate number of exactEarth Shares to which a Securityholder would otherwise be entitled would include a fractional share, then, subject to the following sentence, the number of exactEarth Shares that such Securityholder is entitled to receive will be rounded to the nearest whole number and no Securityholder will be entitled to any compensation in respect of any fractional exactEarth Shares for which the Securityholder's interest was rounded down, provided that in all cases, all exactEarth Shares held by the Company prior to the Effective Time shall be distributed. In the event that rounding to the whole number results in a shortfall of exactEarth Shares or in a failure to distribute all of the exactEarth Shares, then the Depositary shall be authorized to modify the rounding formula upwards or downward to the minimum extent necessary to ensure the full distribution of the exactEarth Shares without a shortfall.

When does the Company expect the Arrangement will be effective?

The Company expects to complete the Arrangement by the end of March 2016. As the Arrangement is conditional upon the receipt of a number of Regulatory Approvals and the Key Consent and Approvals as well as the approval of the Court and the Shareholders, the precise timing of completion of the Arrangement cannot be specified.

When will I receive the Consideration and exactEarth Shares in exchange for my Common Shares?

You will receive the Consideration and exactEarth Shares due to you under the Arrangement as soon as practicable after the Arrangement is completed and your Letter of Transmittal and all other required documents, including any Common Share certificate(s), are received by the Depositary. See the section of the Circular entitled "Matters to Be Acted Upon - The Arrangement – Procedure for the Exchange of Common Shares – Letters of Transmittal".

I hold Options, Share Awards or ESPP Shares. What will happen to these Securities under the Arrangement?

Notwithstanding any vesting or exercise provisions to which an Option, Share Award or ESPP Share might otherwise be subject (whether by contract, the conditions of a grant, applicable Law or the terms of the Applicable Plan) each Option, Share Award and ESPP Share issued and outstanding at the Effective Time will, without any further action by or on behalf of any holder of such Option, Share Award or ESPP Share be deemed to be fully vested and:

(a) in the case of any Trust Share Award, such Trust Share (as exchanged pursuant to the Plan of Arrangement) shall be sold pursuant to and in accordance with the Plan of Arrangement and the Consideration and exactEarth Shares received therefor under the Arrangement shall be paid to the holder thereof by the trustee under the Applicable Plan as soon as practicable following the Effective Date and, following such payment, the holder of such Share Award will cease to be the holder of such Share Award, will cease to have any rights as a holder in respect of such Share Award under the Applicable Plan, such holder's name will be removed from the Company's register of Share Awards and all agreements, grants and similar instruments relating thereto will be cancelled; and

(b) in the case of all of the outstanding Options, ESPP Shares and all Non-Trust Share Awards, such Options, ESPP Shares, Non-Trust Share Awards, without any further action on behalf of the holder thereof and without any payment except as provided in the Plan of Arrangement and notwithstanding the terms of the Applicable Plan, as the case may be, shall be disposed of and surrendered by the holders thereof to the Company without any act or formality on its or their part in exchange for the Cash-Out Consideration and the holder of such Option, ESPP Share, Non-Trust Share Award will cease to be the holder of such Option, ESPP Share, Non-Trust Share Award, will cease to have any rights as a holder in respect of such Option, ESPP Share, Non-Share Award or under the Applicable Plan, such holder's name will be removed from the Company's register of Options, ESPP Shares and all Non-Trust Share Award and all agreements, grants and similar instruments relating thereto will be cancelled.

What will I receive for my Options, Share Awards or ESPP Shares?

In respect of an Option that is outstanding as at the Effective Time, the aggregate of (A) 0.1977 of an exactEarth Share (subject to adjustment), (B) a right to receive a second payment of up to $0.125, and (C) a cash payment (net of applicable withholdings) equal to the amount by which the cash component of the Consideration exceeds the exercise price payable under such Option by the holder thereof. However, if Taxes are required to be withheld in respect of the value to the holder of such Option exceed the amount in (C), the holder will only be entitled to receive the entitlements referred to in (A), (B) and (C) if the holder pays to the Company, at least one Business Day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive 0.1977 of an exactEarth Share (subject to adjustment) and a right to receive a second payment of up to $0.125 in respect of each Option but only if the holder pays to the Company, at least one Business Day before the Effective Time, the absolute value of such negative amount and all Taxes required to be withheld in respect of such Option. If the holder fails to make such payment on or before the date that is one Business Day before the Effective Date, the Option will be cancelled at the Effective Time for no consideration.

In respect of a Share Award or an ESPP Share that is outstanding as at the Effective Time, the aggregate of (A) 0.1977 of an exactEarth Share (subject to adjustment), (B) a right to receive a second payment of up to $0.125, and (C) a cash payment (net of applicable withholdings) equal to $5.125. However, if Taxes are required to be withheld in respect of the value to the holder of such Share Award or an ESPP Share exceed the amount in (C), the holder will only be entitled to receive the entitlements referred to in (A), (B) and (C) if the holder pays to the Company, at least one Business Day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive 0.1977 of an exactEarth Share (subject to adjustment) and a right to receive a second payment of up to $0.125 in respect of each Share Award or ESPP Share but only if the holder pays to the Company, at least one Business Day before the Effective Time, the absolute value of such negative amount and all Taxes required to be withheld in respect of such Share Award or ESPP Share. If the holder fails to make such payment on or before the date that is one Business Day before the Effective Date, the Share Award or ESPP Share will be cancelled at the Effective Time for no consideration.

When can I expect to receive Consideration and the exactEarth Shares for my Options, Share Awards or ESPP Shares?

You will receive the Consideration (net of withholdings) and the exactEarth Shares for your Options, Share Awards and ESPP Shares as soon as practicable after the Arrangement is completed.

What does the Company's Board of Directors think of the Arrangement?

The Board, following the receipt of the unanimous recommendation of the Special Committee and the Canaccord Genuity Fairness Opinion (attached as **Appendix "C"** to this Circular), has unanimously determined that the proposed Arrangement is in the best interests of the Company and is fair from the point of view of the Shareholders. The Board has unanimously approved and recommends that Shareholders vote **IN FAVOUR** of the Arrangement.

Has the Company received a fairness opinion in connection with the Arrangement?

In connection with the Arrangement, the Board received a written opinion from Canaccord Genuity to the effect that, as of the date of the opinion and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the Consideration and exactEarth Shares to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. The full text of the Fairness Opinion can be found at **Appendix "C"** to this Circular. See the section of the Circular entitled "Matters to be Acted Upon – The Arrangement — Canaccord Genuity Fairness Opinion". The fairness opinion is not to be construed as a recommendation to any Shareholder as to whether to vote in favour of the Arrangement.

What Company approvals are required for the Arrangement Resolution?

To be effective, the Arrangement must be approved by a special resolution passed by at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting. The Arrangement Resolution must receive the required Shareholder Approval in order for the Company to seek the Final Order and implement the Arrangement on the Effective Date.

The Directors and one significant Shareholder have entered into voting support agreements with the Purchaser, whereby they have agreed to vote an aggregate of approximately 11% of the outstanding Common Shares in favour of the Arrangement.

See the sections of the Circular entitled "Matters to be Acted Upon – The Arrangement – Approval of the Arrangement Resolution", "Matters to be Acted Upon – The Arrangement – Support Agreements" and "Regulatory Approvals".

What other conditions must be satisfied to complete the Arrangement?

The Arrangement is conditional upon the receipt of, among other things, the approval of the Arrangement Resolution at the Meeting by Shareholders, as described above, the Final Order from the Court, Competition Act Approval, HSR Approval, Industry Canada Consent and Investment Canada Act Approval, which means confirmation that the Arrangement is not subject to review and approval under the Investment Canada Act or the receipt of approval under the Investment Canada Act in the event such approval is required. See the sections of the Circular entitled "The Arrangement Agreement — Conditions", "The Arrangement – Shareholder and Court Approvals" and "Regulatory Approvals".

Will the Company pay dividends until completion of the Arrangement?

In connection with the Arrangement, the Board determined to amend the Company's dividend policy to suspend the Company's quarterly dividend until completion of the Arrangement.

What are the tax consequences of the Arrangement to me as a Shareholder?

This Circular contains a summary of the principal Canadian federal income tax considerations relevant to Shareholders. See the section of the Circular entitled "Certain Canadian Federal Income Tax Considerations".

Am I entitled to dissent rights?

Yes. Shareholders are entitled to dissent rights in connection with certain actions to be taken at the Meeting. See the section of the Circular entitled "Dissent Rights".

Are there risks I should consider in connection with the Arrangement?

Yes. A number of risk factors that you should consider in connection with the Arrangement are described in the section of this Circular entitled "Risk Factors". In addition, the business of exactEarth is subject to a number of risks described in **Appendix "E"** – "Information Concerning exactEarth".

How do I vote?

If you are a Registered Shareholder, you may vote your Common Shares in person at the Meeting or you may sign the enclosed form of proxy appointing the persons named in the proxy or some other person you choose, who need not be a Shareholder, to represent you as a proxyholder and vote your Common Shares at the Meeting.

If your Common Shares are held in an account with a bank, trust company, securities broker, trustee or other nominee or Intermediary, please refer to the answer to the question "**How do I vote if my Common Shares are held in the name of an Intermediary?**" See the section of the Circular entitled "General Proxy Information".

How many Shareholders do you need to reach a quorum?

The quorum at the Meeting in respect of Shareholders shall be two or more persons present in person or by proxy representing a minimum of 20% of the outstanding Common Shares**.**

How do I appoint someone else to go to the Meeting and vote my Common Shares?

Two officers of the Company, Michael Pley and Gary Calhoun, have been named in the form of proxy to represent Shareholders at the Meeting (the "**Named Proxyholders**"). You can appoint someone else to represent you at the Meeting by inserting the appointed person's name in the appropriate space on the paper proxy form or Voting Instruction Form, or electronic proxy if voting electronically. The person you appoint does not need to be a Shareholder but must attend the Meeting to vote your Common Shares.

How do I vote my Common Shares in person?

If you are a Registered Shareholder and plan to attend the Meeting on January 21, 2016, and wish to vote your Common Shares in person, do not complete the enclosed form of proxy, as your vote will be taken and counted at the Meeting. Please register with the Company's transfer agent and registrar, Computershare Investor Services Inc. (the "**Transfer Agent**"), upon arrival at the Meeting. If your Common Shares are held in an account with an Intermediary, please see the answer to the question "**How do I vote if my Common Shares are held in the name of an Intermediary?**"

A Registered Shareholder may vote a proxy in his or her own name at any time by telephone, internet or by mail, in accordance with the instructions appearing on the enclosed form of proxy and/or a Registered Shareholder may attend the Meeting and vote. Because a Registered Shareholder is known to the Company and its Transfer Agent, his, her or its account can be confirmed and his or her vote recorded or changed if such Registered Shareholder has previously voted. This procedure prevents a Shareholder from voting his, her or its Common Shares more than once. Only the Registered Shareholder's latest voting instructions received by the Company prior to the deadline for the deposit of proxies will be valid.

Most Shareholders are "beneficial owners" who are Non-Registered Holders. Their Common Shares are registered in the name of an Intermediary who holds the shares on their behalf, or in the name of a clearing agency in which the Intermediary is a participant (such as CDS). Intermediaries have obligations to forward Meeting Materials to the Non-Registered Holders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

Is there a deadline for my proxy to be received?

Yes. Regardless of the manner in which you choose to vote, your proxy vote must be received by the Transfer Agent no later than 10:00 a.m. (Toronto time) on January 19, 2016 or 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the reconvened Meeting if the Meeting is adjourned or postponed. Late proxies may be accepted or rejected by the Chair of the Meeting at his or her discretion and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy. Note that if you are a Non-Registered Shareholder, you must provide your voting instructions to your Intermediary sooner (preferably at least a day prior to the deadline set by your Intermediary) to enable the Intermediary to act upon them prior to the deadline.

How do I know if I am a "Registered Shareholder" or a "Non-Registered Holder"?

A Shareholder may own such Common Shares in one or both of the following ways:

1. If a Shareholder is in possession of a physical share certificate, such Shareholder is a "Registered Shareholder" and his or her name and address are known to the Company through the Transfer Agent and are recorded in the central securities register of the Company maintained by the Transfer Agent.

2. If a Shareholder owns Common Shares through an Intermediary, such Shareholder is a "Non-Registered Holder" and not a "Registered Shareholder" and he or she will not have a physical share certificate. Such Shareholder will have an account statement from his or her Intermediary as evidence of his or her Common Share ownership.

If I change my mind, can I take back my proxy once I have given it?

A Shareholder who has voted by proxy may revoke it any time prior to its use. To revoke a proxy, a Registered Shareholder may deliver a written notice to the registered office of the Company at 155 Sheldon Drive, Cambridge, Ontario, N1R 7H6, Fax: (519) 622-2158; Attention: Gary Calhoun, Chief Financial Officer, or at the offices of the Transfer Agent at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 at any time up to 10:00 a.m. (Toronto time) on January 19, 2016 or 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to any adjournment or postponement of the Meeting. A proxy may also be revoked on the day of the Meeting or any adjournment or postponement of the Meeting by a Registered Shareholder by delivering written notice to the Chair of the Meeting. In addition, the proxy may be revoked by any other method permitted by Law. The written notice of revocation may be executed by the Shareholder or by an attorney who has the Shareholder's written authorization. If the Shareholder is a corporation, the written notice must be executed by its duly authorized officer or attorney. See the section of the Circular entitled "General Proxy Information – Revocability of Proxy".

How will the Common Shares be voted if I give my proxy?

If you appoint the Named Proxyholders as your proxyholders, the Common Shares represented by the form of proxy will be voted or withheld from voting, in accordance with your instructions as indicated on the form, on any vote that may be called for. In the absence of instructions from you, such Common Shares will be voted **IN FAVOUR** of the Arrangement Resolution.

What if amendments are made to the matters or other business is brought before the Meeting?

The accompanying form of proxy confers discretionary authority on the Named Proxyholders with respect to any amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the Meeting and the named proxies in your properly executed proxy will vote on such matters in accordance

with their judgment. At the date of this Circular, management of the Company is not aware of any such amendments, variations or other matters which are to be presented for action at the Meeting.

How many Common Shares are entitled to vote?

As of December 17, 2015, the Record Date for the Meeting, there were 76,554,352 Common Shares outstanding with each Common Share carrying the right to one vote.

Who are the principal Shareholders of the Company?

To the knowledge of the Directors and senior officers of the Company, no Person beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights exercisable at the Meeting other than Van Berkom and Associates Inc. ("**VBA**"). In its most recent Alternative Monthly Report filed publicly on SEDAR, VBA reported that the number of Common Shares over which VBA has control or discretion equalled 7,940,807 as of January 31, 2014. This number represents approximately 10.4% of all issued and outstanding Common Shares.

The Directors and Crescendo Partners, a significant Shareholder, have entered into voting support agreements with the Purchaser, whereby they have agreed to vote an aggregate of approximately 11% of the outstanding Common Shares in favour of the Arrangement.

How do I vote if my Common Shares are held in the name of an Intermediary?

Only Registered Shareholders of Common Shares, or the persons they appoint as proxies, are permitted to attend and vote at the Meeting. If your Common Shares are held in an account with an Intermediary, they will not be registered in your name and instead will be registered in the name of a nominee. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a form of proxy for the number of Common Shares you hold unless you have instructed the nominee otherwise. The purpose of this procedure is to permit beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Each nominee has its own signing and return instructions, which you should carefully follow to ensure your Common Shares will be voted. If you are a beneficial Shareholder and wish to:

- vote in person at the Meeting; or
- change voting instructions given to your nominee; or
- revoke voting instructions given to your nominee and vote in person at the Meeting,

follow the instructions given by your nominee or contact your nominee to discuss what procedure to follow. See Section of the Circular entitled "General Proxy Information – Advice to Beneficial Shareholders".

If all of the conditions to the Arrangement are satisfied and the Arrangement is consummated, how will I receive the Consideration for my Common Shares?

In order to receive the Consideration and exactEarth Shares following completion of the Arrangement (assuming all conditions are satisfied or waived in accordance with the terms of the Arrangement Agreement) each Registered Shareholder must complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein. Beneficial Shareholders should contact your Intermediary.

What if I have other questions?

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or Letter of Transmittal, please contact the Company's proxy solicitation agent, Laurel Hill Advisory Group, toll free at 1-877-452-7184 (416-304-0211 by collect call) or by email at assistance@laurelhill.com.

GLOSSARY OF TERMS

The following is a glossary of terms used frequently throughout this Circular and the accompanying Notice of Meeting. Unless there is something in the subject matter inconsistent therewith, the following terms will have the respective meanings set out below, words importing the singular number will include the plural and vice versa and words importing any gender will include all genders.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only a Party and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry from any Person or group of Persons, whether or not in writing and whether or not delivered to the shareholders of a Party (and for greater certainty, which may or may not contemplate a transaction similar to the Spinout Transaction), relating to: (i) any acquisition or purchase, direct or indirect, through one or more transactions, of (A) the assets of that Party and/or one or more of its Subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, as applicable, of such Party and its Subsidiaries, taken as a whole or (B) 20% or more of any voting or equity securities of that Party or any one or more of its Subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, as applicable, of such Party and its Subsidiaries, taken as a whole; or (ii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, take-over bid, tender offer, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving that Party and/or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, as applicable, of such Party and its Subsidiaries, taken as a whole; except that for the purpose of the definition of "Superior Proposal", the references in this definition of "Acquisition Proposal" to "20% or more of any voting or equity securities" shall be deemed to be references to "100% of the voting or equity securities", and the references to "20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue" shall be deemed to be references to "all or substantially all of the assets".

"**affiliate**" has the meaning ascribed thereto in NI 45-106.

"**AIS**" has the meaning specified in the section of the Circular entitled "Q & A on the Arrangement, Voting Rights and Solicitation of Proxies".

"**allowable capital loss**" has the meaning specified in the section of the Circular entitled "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses".

"**Applicable Plans**" means the Stock Option Plan, Share Unit Plan, DSU Plan, Share Unit Plan for Directors, Director Share Unit Plan or ESPP applicable to an Option, Share Award or ESPP Share, as the case may be.

"**ARC**" means an advance ruling certificate issued under section 102 of the *Competition Act*.

"**Arrangement**" means the arrangement of the Company under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order (with the consent of each of the Parties, acting reasonably) as described under the heading "*The Arrangement*".

"**Arrangement Agreement**" means the arrangement agreement made as of November 5, 2015 among the Purchaser, the Parent and the Company, together with the schedules attached thereto, a copy of which has been filed under the Company's profile on SEDAR, together with the Disclosure Letter and all as the same may be amended, supplemented or otherwise modified from time to time.

"**Arrangement Resolution**" means the special resolution of the Shareholders approving the Arrangement to be considered at the Meeting, substantially in the form and content of **Appendix "A"** hereto.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the CBCA to be sent to the Director (as defined under the CBCA) after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and substance satisfactory to each of the Parties, acting reasonably.

"**Board**" means the Board of Directors of the Company, as the same is constituted from time to time.

"**Break-Up Fee**" has the meaning specified in the section of the Circular entitled "The Arrangement Agreement – Termination of the Arrangement Agreement – Termination Fees".

"**Broadridge**" has the meaning specified in the section of the Circular entitled "General Proxy Information – Advice to Beneficial Shareholders".

"**Business Day**" means any day, other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario are closed.

"**Business Separation Agreement**" means that certain business separation agreement entered into on November 5, 2015 between the Company on the one hand and exactEarth on the other, and the Purchaser named as a third-party beneficiary entitled to rely upon and enforce its provisions, in respect of the separation of exactEarth and its Subsidiaries from the Company and its Subsidiaries and of their respective businesses from the Core Business all as more particularly described in the section of the Circular entitled "Matters to be Acted Upon – the Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction".

"**Canaccord Genuity**" means Canaccord Genuity Corp.

"**Canadian Securities Laws**" means the securities legislation and regulations thereunder of each province and territory of Canada and the rules, instruments, policies and orders of each Securities Regulator made thereunder, including the *Securities Act* (Ontario), as amended.

"**Cash-Out Consideration**" means:

(a) in respect of an Option that is outstanding as at the Effective Time, the aggregate of (A) a portion of an exactEarth Share (which amount will be determined prior to the Effective Date), (B) one non-transferable Contingent Payment, and (C) a cash payment (net of applicable withholdings) equal to the amount by which the cash component of the Consideration exceeds the exercise price payable under such Option by the holder thereof; provided that if Taxes required to be withheld in respect of such Consideration and exactEarth Shares exceed the amount in (C), the holder will only be entitled to receive the entitlements referred to in (A), (B) and (C) if the holder pays to the Company, at least one Business Day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive a portion of an exactEarth Share (which amount will be determined prior to the Effective Date) and one non-transferable Contingent Payment in respect of each Option but only if the holder pays to the Company, at least one Business Day before the Effective Time, the absolute value of such negative amount and all Taxes required to be withheld in respect of such Option, and provided further that if the holder fails to make such payment on or before the date that is one Business Day before the Effective Date, the Cash-Out Consideration shall be nil and such Option will be cancelled on the Effective Time for no consideration; and

(b) in respect of a Share Award or an ESPP Share that is outstanding as at the Effective Time, the aggregate of (A) a portion of an exactEarth Share (which amount will be determined prior to the Effective Date), (B) one non-transferable Contingent Payment, and (C) a cash payment (net of applicable withholdings) equal to the cash component of the Consideration; provided that if Taxes required to be withheld in respect of such Consideration and exactEarth Shares exceed the amount in (C), the holder will only be entitled to receive the entitlements referred to in (A), (B) and (C) if the holder pays to the Company, at least one Business Day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive a portion of an exactEarth Share (which amount will be determined prior to the Effective Date) and one non-transferable Contingent Payment in respect of each Share Award or ESPP Share but only if the holder pays to the Company, at least one Business Day before the Effective Time, the absolute value of

such negative amount and all Taxes required to be withheld in respect of such Share Award or ESPP Share, and provided further that if the holder fails to make such payment on or before the date that is one Business Day before the Effective Date, the Cash-Out Consideration shall be nil and such Share Award or ESPP Share will be cancelled on the Effective Time for no consideration.

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**Chair**" means the chair of the Meeting as determined at the Meeting.

"**Circular**" means collectively, the Notice of Meeting and this Management Information Circular, including all appendices hereto and all enclosures herewith, sent to Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time.

"**Claims**" means any action, demand, claim, grievance, suit, arbitration, inquiry, litigation, mediation, proceeding or investigation by or before any Governmental Entity or any arbitration tribunal asserted by a Person and any assessment, reassessment, judgment, order, award, settlement or compromise relating thereto.

"**Commissioner**" means the Commissioner of Competition appointed pursuant to the Competition Act, and includes a person authorized to exercise the powers and perform the duties of the Commissioner.

"**Common Share**" means a common share in the capital of the Company.

"**Company**" means COM DEV International Ltd., a corporation existing under the CBCA.

"**Company Damages Event**" has the meaning specified in the section of the Circular entitled "The Arrangement Agreement – Termination of the Arrangement Agreement – Termination Fees".

"**Company Disclosure Record**" means all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed by the Company with any Securities Regulators after November 1, 2014 and before the date of the Arrangement Agreement that are available to the public on SEDAR.

"**Competition Act**" means the *Competition Act* (Canada), as amended, and includes the regulations thereunder.

"**Competition Act Approval**" means that one or more of the following shall have occurred: (i) the relevant waiting period in section 123 of the Competition Act shall have expired, been waived or been terminated; or (ii) the Commissioner shall have issued a letter to the Parties indicating that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement contemplated by the Arrangement Agreement; or (iii) the Commissioner shall have issued an ARC in respect of the Arrangement contemplated by the Arrangement Agreement.

"**Consents and Approvals**" means all notices, consents, approvals, authorizations, permits, waivers, releases, discharges, exemptions, orders and agreements required from any Person (other than any Party hereto or their respective Subsidiaries, including exactEarth and exactEarth Europe Ltd.), including any Governmental Entity, to consummate and complete the transactions contemplated under the Arrangement Agreement in accordance with its terms, including the Spinout Transaction and Arrangement, whether under a particular Contract or License and Permit, applicable Laws or otherwise, in order to prevent a default, violation or termination thereunder, as the case may be, as a consequence or result thereof, other than any Regulatory Approvals.

"**Consideration**" means the consideration to be received by a Shareholder pursuant to the Plan of Arrangement for each New Common Share consisting of: (a) $5.125 in cash for each Common Share held, subject to any adjustments provided for in the Arrangement Agreement; and (b) the issuance of one non-transferable Contingent Payment.

"**Contingent Payment**" means the right to receive a payment pursuant to the Arrangement, entitling the holder thereof to its *pro rata* interest in the Contingent Payment Amount. The Contingent Payment cannot be transferred.

"**Contingent Payment Amount**" means a cash payment equal to $10,000,000 to be held in escrow and distributed by the Depositary pursuant to and in accordance with the Plan of Arrangement.

"**Contract**" means any contract, license, franchise, grant, permit, lease, arrangement, commitment, understanding, joint venture, partnership, note, bond, mortgage, guarantee, indenture, instrument, deed of trust or other agreement or obligation (whether written or oral) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"**Core Business**" means the businesses carried on by the Company and all of its Subsidiaries (excluding for greater certainty exactEarth and its Subsidiary, exactEarth Ltd., and the businesses carried on by them).

"**Core Business Material Adverse Change**" means: (i) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually is or collectively in the aggregate are, or either individually or collectively in the aggregate would reasonably be expected to be, material and adverse to the business, operations, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of the Core Business, on a consolidated basis, or of the Company and its Subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (a) the announcement of the execution of the Arrangement Agreement or the transactions contemplated herein; or (b) any change in GAAP or changes in applicable regulatory accounting requirements applicable to the industries in which it conducts business; or (c) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions or in national or global financial or capital markets; or (d) any change generally affecting the industries in which it conducts business; or (e) any natural disaster; or (f) any actions taken (or omitted to be taken) at the written request of the Purchaser including, for greater certainty, any actions requested in writing by the Purchaser that would be implemented following consummation of the transactions contemplated by the Arrangement Agreement; or (g) any action taken by the Company or any of its Subsidiaries that is required pursuant to the Arrangement Agreement (excluding any obligation to act in the ordinary course of business); provided, however, that with respect to clauses (b), (c), (d) and (e) above, such matter does not have a disproportionate effect on the Core Business or on the Company and its Subsidiaries, taken as a whole, relative to comparable entities operating in the industries in which the Company and its Subsidiaries conduct business (in which case, only the incremental disproportionate impact shall be taken into account in determining whether a "Core Business Material Adverse Change" has occurred or would reasonably be expected to occur), and references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a "Core Business Material Adverse Change" has occurred or would reasonably be expected to occur; or (ii) either individually or collectively in the aggregate would be or would reasonably be expected to be materially adverse to the ability of the relevant Person to complete or consummate the transactions contemplated by the Arrangement Agreement.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Credit Agreement**" means the credit agreement dated July 10, 2012 between the Company, as borrower, certain of its Subsidiaries, as guarantors, and Canadian Imperial Bank of Commerce, Bank of America, N.A., Canada Branch, HSBC Bank Canada, GE Canada Finance Holding Corporation and such other lenders as may become parties to the agreement from time to time, as lenders, and Canadian Imperial Bank of Commerce, as administrator agent, sole lead arranger and bookrunner and as U.S. collateral agent, as amended, and the related security agreements thereunder, as amended.

"**Crescendo Partners**" means, collectively, Crescendo Partners II, LP Series JJ and Crescendo Partners III, LP.

"**Data Room**" means that certain electronic data room established and maintained by the Company and its financial advisor through Firmex Inc. to which the Honeywell and its Representatives have been granted access.

"**Depositary**" means Computershare Trust Company of Canada at its offices set out in the Letter of Transmittal.

"**Depositary Agreement**" means the agreement between Computershare Trust Company of Canada, the Company and Honeywell to be entered into on or before the Effective Date.

"**Directors"** means the directors of the Company.

"**Director Share Unit Plan**" means the Director Share Unit Plan of the Company most recently approved by the Company on September 3, 2014.

"**Director Share Unit**" means a share unit granted to a Director under the Director Share Unit Plan.

"**Disclosure Letter**" means that certain disclosure letter delivered to the Purchaser by the Company prior to or concurrently with the execution and delivery of the Arrangement Agreement;

"**Dissent Notice**" means a validly delivered and written objection to the Arrangement Resolution by a Registered Shareholder in accordance with the Dissent Rights and as more particularly described under the section of the Circular entitled "Dissent Rights".

"**Dissent Rights**" means the rights of a Registered Shareholder to dissent in respect of the Arrangement as described in the Plan of Arrangement and the Interim Order.

"**Dissent Shares**" means the New Common Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has duly and validly exercised Dissent Rights.

"**Dissenting Shareholder**" means a Registered Shareholder who duly and validly exercises Dissent Rights.

"**Divestiture Condition**" means (i) the restriction, prohibition or limitation of ownership or operation by the Purchaser or any of its affiliates of all or any material portion of the business or assets of the Company or any of its Subsidiaries, (ii) the requirement that the Purchaser or any of its affiliates or the Company or any of its Subsidiaries divest, dispose of or hold separately all or any material portion of the business or assets of the Purchaser or any of its affiliates or the Company or any of its Subsidiaries, or imposition of any material undertaking, limitation, restriction or prohibition on the ability of the Purchaser or any of its affiliates or the Company and/or any of its Subsidiaries to conduct its business or own such assets or (iii) the imposition of material limitations on the ability of Purchaser or any of its affiliates to acquire, hold or exercise full rights of ownership of the New Common Shares or the shares or equity interests that the Company holds in any of its Subsidiaries.

"**DOJ**" means the Antitrust Division of the United States Department of Justice.

"**DSUs**" means deferred share units granted under the DSU Plan.

"**DSU Plan**" means the Amended and Restated Deferred Share Unit Plan for Directors of the Company.

"**Effective Date**" means the date on which the Arrangement becomes effective as set out in the Plan of Arrangement.

"**Effective Time**" means, 12:01 a.m. (Eastern Standard Time) on the Effective Date or such other time as the Parties may agree to in writing before the Effective Date.

"**Eligible Institution**" means, a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"**Encumbrance**" includes any mortgage, hypothec, pledge, assignment, charge, lien, security interest, adverse interest, adverse claim, other third party interest, easement, encroachment, restriction, restrictive covenant, encumbrance or other interest of any nature or kind whatsoever, whether contingent or absolute, and any agreement, option, right or privilege, in each case, through the operation of Law, contract or otherwise, capable of becoming any of the foregoing; and "**Encumber**" has a corresponding meaning.

"**Environment**" means soil, surface waters, groundwater, sediments, subsurface strata, ambient or indoor air, plant and animal life, and any other environmental medium or natural resource.

"**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all Laws, including the common law, relating to the Environment or occupational health and safety matters in the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including requirements governing the reduction of greenhouse gas emissions, Releases and the use and storage of Hazardous Substances.

"**Environmental Permits**" means any permit, certification, license, approval, registration, identification number, or other authorization issued or required under any Environmental Law and any pending applications for the foregoing.

"**ESPP**" means the employee share purchase plan, adopted in fiscal 2012 and approved by Shareholders on April 18, 2012, as amended by the Board on November 4, 2015.

"**ESPP Share**" means a Common Share issuable by the Company to the trustee under the ESPP (for the benefit of participants under the ESPP) as the Employer Contributions (as such term is defined in the ESPP) under the ESPP.

"**exactEarth**" means exactEarth Ltd., a corporation existing under the CBCA.

"**exactEarth Shares**" means the common shares of exactEarth to be held by the Company following the Spinout Reorganization and to be distributed to the Securityholders pursuant to the Spinout Transaction.

"**exactEarth Special Committee**" has the meaning ascribed to it under the heading "Matters to be Acted Upon – the Arrangement – Background to the Arrangement"

"**Fairness Opinion**" means the fairness opinion in respect of the Arrangement dated November 4, 2015 prepared by Canaccord Genuity, the financial adviser to the Special Committee and the Board, as to the fairness of the Consideration and exactEarth Shares to be received by Shareholders pursuant to the Arrangement from a financial point of view, a copy of which is attached as **Appendix "C"** to the Circular.

"**Final Order**" means the order of the Court, in form and substance satisfactory to each of the Parties, acting reasonably, approving the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of each of the Parties, acting reasonably) at any time prior to the Effective Date and which has not been appealed or in respect of which all applicable appeal periods have elapsed, or, if appealed, then unless such appeal is abandoned, withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to each of the Parties, acting reasonably) on appeal.

"**FTC**" means the United States Federal Trade Commission.

"**GAAP**" means Canadian generally accepted accounting principles as contemplated by The CPA Canada Handbook, including, for certainty, the requirements of International Financial Reporting Standards incorporated therein.

"**Government Contract**" means any Contract entered into between the Company and/or any of its Subsidiaries on the one hand and a Governmental Entity on the other and also includes any Contract involving a grant from any Governmental Entity and any subcontract (at any tier) of the Company or its Subsidiaries (i) with another entity under a prime contract held by the Company or its Subsidiaries and (ii) with another entity that holds either a prime contract with such a Governmental Entity or a subcontract (at any tier) under such a prime contract, in each case including any task orders or delivery orders issued under, or any modifications to, any such prime contract or subcontract, whether currently active or subject to an open audit period.

"**Government Official**" means any official or employee of any Governmental Entity, an individual acting in an official capacity for a Governmental Entity regardless of rank or position, official or employee of a company wholly or partially controlled by a Governmental Entity (for example, a state owned oil company), political party and any official of a political party; candidate for political office, officer or employee of a public international organization, such as the United Nations or the World Bank, or immediate family member (meaning a spouse, dependent child or household member) of any of the foregoing.

"**Governmental Entity**" means any domestic or foreign: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; or (ii) any subdivision, agent, instrumentality, ministry, department, commission, board or authority of any of the foregoing, including any Securities Regulator; or (iii) any self-regulating organization or stock exchange, including the TSX; (iv) any quasi-governmental or private body exercising any regulatory, expropriation, administrative or taxing authority under or for the account of any of the foregoing; or (v) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Hazardous Substances**" means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, hazardous recyclable, toxic substance, dangerous substance or dangerous good or words of similar meaning as defined, judicially interpreted, or regulated under any Environmental Laws.

"**Holder**" has the meaning ascribed to it under the heading "Certain Canadian Federal Income Tax Considerations".

"**Honeywell**" means, collectively, the Purchaser and the Parent.

"**HSR Act**" means the *Hart Scott Rodino Antitrust Improvements Act* of 1976, as amended.

"**HSR Approval**" means the expiry or termination of the applicable waiting period under the HSR Act.

"**Industry Canada Consent**" means the consent described in the section of the Circular entitled "Regulatory Approvals – Industry Canada Consent".

"**Interim Order**" means the order of the Court containing, among other things, declarations and directions in respect of the notice to be given and the conduct of the Meeting with respect to the Arrangement, as such order may be amended, modified, supplemented or varied by the Court with the consent of each of the Parties, acting reasonably.

"**Intermediary**" means a bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, RRIF, RESP and similar plans.

"**Investment Canada Act**" means the *Investment Canada Act*, as amended from time to time, and the regulations promulgated thereunder.

"**Investment Canada Act Approval**" means (A) the receipt by the Purchaser of (i) a notice from the Director appointed under the *Investment Canada Act* delivered pursuant to subsection 13(1)(b) of the *Investment Canada Act* indicating that the transactions contemplated by the Arrangement Agreement are not reviewable under the *Investment Canada Act*, or (ii) to the extent that the transactions contemplated by the Arrangement Agreement are reviewable pursuant to Part IV of the *Investment Canada Act*, a statement or deemed statement from the responsible Minister under the *Investment Canada Act* that the transaction is likely to be of net benefit to Canada; and (B) to the extent that an order for review of the investment is made under subsection 25.3(1) of the *Investment Canada Act*, (i) the receipt by the Purchaser of a notice from the Minister designated under the *Investment Canada Act* indicating that no further action will be taken with respect to the transactions contemplated by the Arrangement Agreement pursuant to subsection 25.3(6)(b) of the *Investment Canada Act*, or (ii) the receipt by the Purchaser of an order from the Governor-in-Council authorizing the transaction contemplated in the Arrangement Agreement pursuant to subsection 25.4(1)(b) of the *Investment Canada Act.*

"**Key Consents and Approvals**" means the Consents and Approvals listed on Schedule 1.1(c) to the Arrangement Agreement, being the Industry Canada Consent, and "**Key Consent and Approval**" means any one of them.

"**Laws**" means, all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority and the term "**applicable**" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities.

"**Letter of Transmittal**" means the form of letter of transmittal provided to Shareholders with this Circular, providing for the delivery of Common Shares to the Depositary (printed on yellow paper).

"**Licenses and Permits**" means all licenses, permits, certificates, registrations, consents, franchises, orders, variances, exemptions, grants and other authorizations and similar privileges of or from any Governmental Entity necessary to conduct and operate their respective businesses as they are now being or are proposed to be conducted or to own or possess any of their respective property or assets, including Environmental Permits.

"**Locked-Up Shareholders**" means each Director of the Company together with Crescendo Partners.

"**Losses**", in respect of any matter or Person, means any and all losses, debts, damages (including direct, indirect, punitive, consequential and otherwise), liabilities, charges, deficiencies, fines, penalties, costs and expenses (including all interest, penalties, fines, amounts paid in settlement, Taxes (other than refundable Taxes) and reasonable legal and other professional, consultant and expert fees and disbursements on a full indemnity basis), whether contingent or otherwise, liquidated or unliquidated, in each case, directly or indirectly caused by or arising as a consequence or result of or in connection with such matter, including any Claim and all judgments, orders, settlements and/or compromises in respect of such Claim, or which such Person directly or indirectly suffers, sustains, pays or incurs in connection with such matter, whether or not a Claim has been made.

"**Material Contract**" has the meaning specified in the Arrangement Agreement.

"**material fact**" and "**material change**" have the respective meanings set out in the *Securities Act* (Ontario).

"**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement thereof made in accordance with the terms of the Arrangement Agreement, to be held in accordance with the Interim Order for the purpose of, among other things, obtaining the Shareholder Approval.

"**Meeting Materials**" has the meaning specified in the section of the Circular entitled "General Proxy Information – Advice to Beneficial Shareholders".

"**Memorandum of Understanding**" means the memorandum of understanding dated October 29, 2015 between the Company and the Minority Shareholder.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Minority Shareholder**" has the meaning specified in the section of the Circular entitled "The Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction".

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

"**Named Proxyholders**" means Michael Pley and Gary Calhoun.

"**New Common Share**" means the New Common Shares in the capital of the Company to be created and issued in exchange for Common Shares in accordance with the Plan of Arrangement.

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*.

"**NI-54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**Non-Registered Holder**" means a Shareholder who is not a Registered Shareholder.

"**Non-Resident Shareholder**" has the the meaning ascribed to it under the heading "Certain Canadian Federal Income Tax Considerations".

"**Non-Trust Share Awards**" means the Share Awards that are not Trust Share Awards.

"**Notice of Application**" means the notice of application attached hereto as **Appendix "D"**.

"**Notice of Meeting**" means the notice of meeting to Shareholders which accompanies this Circular.

"**Notice of Resolution**" has the meaning specified in the section of the Circular entitled "Dissent Rights".

"**Offer to Pay**" has the meaning specified in the section of the Circular entitled "Dissent Rights".

"**Options**" means the options to purchase Common Shares granted by the Company pursuant to the Stock Option Plan.

"**Outside Date**" means, March 31, 2016 , or such later date as may be agreed to by the Parties in writing, provided that the Outside Date: (i) shall automatically be extended if any Regulatory Approval or any Key Consent and Approval has not been obtained by such date to the tenth (10th) Business Day following the date on which the last Regulatory Approval has been obtained provided that, in the case of any Regulatory Approval, the Purchaser is actively and in good faith seeking to obtain any such Regulatory Approval, or in the case of any Key Consent and Approval, the Company is actively and in good faith seeking to obtain any such Key Consent and Approval; or (ii) may be postponed by either the Purchaser or the Company on no more than two occasions by a period of up to thirty (30) days per occasion if an action, suit or proceeding shall have been taken, commenced or threatened before or by any Governmental Entity (other than in relation to the Regulatory Approvals) to cease trade, enjoin, prohibit or impose material limitations or conditions on the Arrangement or which would have such an effect and the Party electing to postpone the Outside Date, if that Party is a party to such action, suit or proceeding, is diligently contesting it, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Toronto Time) on the date that is five (5) days prior to then current Outside Date; provided further and notwithstanding any of the

foregoing or any other provision of the Arrangement Agreement, in no event shall the Outside Date be extended or deemed to be extended beyond July 31, 2016.

"**Parent**" means Honeywell International Inc.

"**Parties**" means the Company, the Purchaser and the Parent.

"**Person**" means any individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity).

"**Plan of Arrangement**" means the plan of arrangement of the Company substantially in the form of **Appendix "B",** and any amendment or variation thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (in form and substance satisfactory to each Parties, acting reasonably).

"**Proposed Amendments**" has the meaning ascribed to it under the heading "Certain Canadian Federal Income Tax Considerations".

"**PSUs**" means the performance share units granted under each of the Share Unit Plan and the Director Share Unit Plan.

"**Purchaser**" means Honeywell Limited/Honeywell Limitée, an indirect wholly-owned Canadian subsidiary of the Parent.

"**Record Date**" means December 17, 2015.

"**Registered Plans**" means collectively, RRSPs, RRIFs, registered disability savings plans, deferred profit sharing plans, registered education savings plans and TFSAs.

"**Registered Shareholder**" means a registered holder of Common Shares as recorded in the central securities register of the Company maintained by the Transfer Agent.

"**Regulations**" means the regulations under the Tax Act.

"**Regulatory Approvals**" means the Competition Act Approval, the Investment Canada Act Approval and the HSR Approval but excludes, for greater certainty, the Key Consents and Approvals.

"**Release**" means the release, spill, emission, leaking, pumping, pouring, injection, deposit, disposal, discharge, dispersal leaching or migration of a Hazardous Substance into the Environment.

"**Representatives**" means, the officers, directors, employees, financial advisors, legal counsel, accountants and other agents and representatives of a Party.

"**Resident Shareholder**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*".

"**RESP**" means registered education savings plan.

"**RRIF**" means registered retirement income fund.

"**RRSP**" means registered retirement savings plan.

"**RSUs**" means the restricted share units granted under the Share Unit Plan and the Share Unit Plan for Directors.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities**" means collectively, Common Shares, Options, Share Awards and ESPP Shares.

"**Securities Regulators**" means the securities commissions or other securities regulatory authority of each province and territory of Canada and any other jurisdictions, domestic or foreign, in which the Company is a reporting issuer or equivalent thereto.

"**Securityholders**" means collectively the Shareholders, all holders entitled to ESPP Shares, all holders of Options and all holders of Share Awards.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval as outlined in National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval (SEDAR),* which can be accessed online at www.sedear.com.

"**Share Awards**" means, collectively Director Share Units, PSUs, RSUs and DSUs.

"**Share Award Trust**" means the trust existing under the Employee Benefit Plan Trust Agreement dated April 10, 2012 with Computershare Trust Company of Canada as trustee, pursuant to which the trustee holds the Trust Shares.

"**Share Unit Plan**" means the Company's Share Unit Plan, governing the granting and terms of RSUs and PSUs.

"**Share Unit Plan for Directors**" means the Company's Share Unit Plan for Directors, governing the granting and terms of RSUs and PSUs to Directors prior to April 23, 2014.

"**Shareholder**" means a holder of Common Shares.

"**Shareholder Approval**" means approval of not less than two-thirds of the votes cast on the Arrangement Resolution by the Shareholders, present in person or by proxy, at the Meeting.

"**Shareholder Letter**" has the meaning ascribed to it under the heading "Matters to be Acted Upon – The Arrangement – Background to the Arrangement".

"**Shareholder Rights Plan**" means the Company's Fourth Amended and Restated Shareholder Rights Plan Agreement effective as of April 22, 2015.

"**Special Committee**" means the committee of the Board comprised of Greg Monahan, Kym Anthony, Terry Reidel and Colin Watson.

"**Spinout Reorganization**" means the transactions contemplated by the Business Separation Agreement and Memorandum of Understanding to occur prior to the Spinout Transaction.

"**Spinout Transaction**" means the transactions contemplated by Section 3.1 of the Plan of Arrangement pursuant to which the exactEarth Shares will be distributed to the Securityholders.

"**Stock Option Plan**" means the stock option plan of the Company adopted in fiscal 2012 and approved by Shareholders on April 18, 2012.

"**Subsidiary**" has the meaning ascribed thereto in NI 45-106, except that, in the case of the Company, Subsidiary excludes each of exactEarth and exactEarth Europe Ltd. and in the case of exactEarth, includes exactEarth Europe Ltd.

"**Superior Proposal**" means a written bona fide Acquisition Proposal made by a third party and in respect of which the Board determines in good faith: (A) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (B) that is not subject to a due diligence or access condition; (C) that, after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction that is more favourable to the Shareholders from a financial point of view than the Arrangement; (D) that, after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (E) after receiving the advice of outside counsel, that failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with its fiduciary duties under applicable Laws.

"**Support Agreements**" means collectively, the support agreements each dated November 5, 2015 between the Purchaser and each of the Locked-Up Shareholders.

"**Tax**" means any and all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal, provincial and state income taxes), capital taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes (including Canada Pension Plan payments), sales and use taxes, goods and services tax, harmonized sales tax, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation premiums or charges, pension assessment and other governmental charges, and other obligations of the same or of a similar

nature to any of the foregoing, which one of the Parties or any of its Subsidiaries is required to pay, withhold or collect.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, including the Regulations promulgated thereunder, as amended, re-enacted and/or substituted from time to time.

"**Termination Fee**" means a fee of $4,000,000 as more particularly described in this Circular in the section entitled "The Arrangement Agreement – Termination of the Arrangement Agreement".

"**TFSA**" means a tax free savings account.

"**Transaction Expenses**" means all costs, expenses, fees and disbursements of any kind (excluding any Taxes thereon) incurred by the Company or its Subsidiaries and, to the extent the Company is or will be liable for such expenses, those of exactEarth and paid or payable to any financial, accounting, or strategic advisor, broker, finder, investment banker, consultant, expert, or legal professional arising from or related to the transactions contemplated by the Arrangement Agreement, including the Arrangement and Spinout Transaction.

"**Transfer Agent**" has the meaning specified in the section of the Circular entitled "Q & A on the Arrangement, Voting Rights and Solicitation of Proxies".

"**Trust Share Awards**" means the DSUs, Directors Share Units, PSUs and RSUs in respect of which the Share Award Trust is as of the date hereof holding Trust Shares.

"**Trust Shares**" means the 285,728 Common Shares held in trust by Computershare Trust Company of Canada as trustee as of the date hereof in the Share Award Trust in support of the Company's obligations under the Applicable Plans.

"**TSX**" means the Toronto Stock Exchange.

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**U.S. Exchange Act**" means, the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Securities Act**" means, the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Securities Laws**" means, all applicable securities legislation and laws (including regulations thereunder) in the United States and each state and territory thereof, including the U.S. Securities Act, the U.S. Exchange Act and any applicable state securities laws and the rules, instruments, policies, regulations and orders of the SEC and each state securities Law made thereunder.

"**VBA**" Van Berkom and Associates Inc.

"**Voting Instruction Form**" has the meaning ascribed to it under the heading "General Proxy Information – Advice to Beneficial Shareholders".

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Special Meeting of Shareholders to be held at the Holiday Inn, 200 Holiday Inn Dr., Cambridge, Ontario on the 21st day of January, 2016 at the hour of 10:00 a.m. (Eastern Standard Time) and at any adjournment or adjournments thereof for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation of proxies will be primarily by mail, but employees of the Company may also solicit proxies personally or by telephone. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such Persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The cost of soliciting proxies for management will be borne by the Company. The Company has also retained Laurel Hill Advisory Group as proxy solicitation agent and will pay fees of approximately $50,000 for the proxy solicitation service in addition to certain out-of-pocket expenses.

RECORD DATE

The Board has fixed December 17, 2015, as the record date (the "**Record Date**") for the purpose of determining the Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Each Shareholder is entitled to one vote for each Common Share held and shown as registered in such holder's name on the list of Shareholders prepared as of the close of business on the Record Date. The list of Shareholders will be available for inspection during usual business hours at the principal office of the Company's Transfer Agent, Computershare Investor Services Inc., in Toronto, Ontario and will also be available for inspection at the Meeting.

MANNER IN WHICH PROXIES WILL BE VOTED

The Common Shares represented by the accompanying form of proxy (if the same is properly executed in favour of Michael Pley or Gary Calhoun, the management nominees, and is received at the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 10:00 a.m. (Eastern Standard Time) on January 19, 2016 or with the Chair of the Meeting before the commencement of the Meeting or, if the Meeting is adjourned, at the offices of Computershare Investor Services Inc. at the address aforesaid not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, or with the Chair of the Meeting before the commencement of such adjourned Meeting) will be voted or withheld from voting in accordance with the specifications made on the form of proxy. In the absence of such specifications, such shares will be voted **IN FAVOUR** of approving the Arrangement.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of the Company is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting, or any other matters that are not now known to management, should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly submitted proxies given in favour of the persons designated by management of the Company in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Shareholders will be able to vote by telephone, facsimile, ordinary mail or electronically through www.investorvote.com.

ALTERNATE PROXY

Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting. Any Shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of

proxy the name of the person whom such Shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

REVOCABILITY OF PROXY

A Shareholder giving a proxy has the power to revoke it. Such revocation may be made by the Shareholder duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or may be made by written instrument revoking such proxy executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Company at 155 Sheldon Drive, Cambridge, Ontario, N1R 7H6, Fax: (519) 622-2158; Attention: Gary Calhoun, Chief Financial Officer, or at the offices of the Transfer Agent at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 at any time up to 10:00 a.m. (Toronto time) on January 19, 2016 or 48 hours (excluding Saturdays, Sundays and statutory holidays prior to any adjournment or postponement of the Meeting, or with the Chair of the Meeting on the date of the Meeting or any adjournment thereof or in any manner permitted by law. If such written instrument is deposited with the Chair of the Meeting at the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares owned by a person (a "**Non-Registered Holder**") are registered either: (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101 of the Canadian Securities Administrators, the Company has distributed copies of this Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation ("**Broadridge**"). Generally, Non-Registered Holders will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Non-Registered Holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or

(b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**Voting Instruction Form**") which the Intermediary must follow. Typically the Non-Registered Holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the Non-Registered Holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. Broadridge typically mails a scannable Voting Instruction Form.

The Company may utilize the Broadridge Quickvote™ service to assist Shareholders with voting their Common Shares. Non-Objecting Beneficial Owners (who have not object to the Company knowing their identities) may be contacted by Laurel Hill Advisory Group to conveniently obtain a vote directly over the telephone.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder, who receives either form of proxy, wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the form of proxy and insert the Non-Registered Holder's name in the blank space provided.

Non-Registered Holders should carefully follow the instructions set out in the Voting Instruction Form, including those regarding when and where the Voting Instruction Form is to be delivered. If you receive a Voting Instruction Form, the Voting Instruction Form must be completed and returned in accordance with its instructions well in advance of the meeting in order to have your Common Shares voted or to have any alternative representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.

Shareholders with questions respecting the voting of shares may contact the Company's proxy solicitation agent, Laurel Hill Advisory Group, toll free at 1-877-452-7184 (416-304-0211 by collect calls) or by email at assistance@laurelhill.com.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at December 17, 2015 the Company had 76,554,352 Common Shares issued and outstanding. The holders of Common Shares are entitled to receive notice of and to attend any meeting of the Shareholders of the Company and are entitled to one vote for each share held at each such meeting, except for meetings of separate classes of shares.

To the knowledge of the Directors and executive officers of the Company, no Person beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights exercisable at the Meeting other than VBA. In its most recent Alternative Monthly Report filed publicly on SEDAR, VBA reported that the number of Common Shares over which VBA has control or discretion equalled 7,940,807 as of January 31, 2014. This number represents approximately 10.4% of all issued and outstanding Common Shares.

The Directors and a significant Shareholder have entered into voting support agreements with the Purchaser, whereby they have agreed to vote an aggregate of approximately 11% of the outstanding Common Shares in favour of the Arrangement.

A holder of record of Common Shares at the close of business on December 17, 2015 will be entitled to vote such shares in person or by proxy at the Meeting, provided that in the case of voting by proxy the form of proxy is properly executed and delivered, except to the extent that: (i) he or she has transferred any such shares since the close of business on December 17, 2015; and (ii) the transferee of such shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands, not later than ten days before the Meeting, by written notice to the Company that his or her name be included in the list of holders of Common Shares entitled to vote at the Meeting, in which case the transferee shall be entitled to vote his or her shares at the Meeting.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Circular, no person who has been a Director or executive officer of the Company at any time since November 1, 2013 and their associates and affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any of the matters to be acted upon other than as Shareholders in respect of the Arrangement (which interest is the same as all other Shareholders). See the section of the Circular entitled "Interests of Certain Persons in the Arrangement".

Certain officers of the Company may receive benefits under the Arrangement (under their respective employment agreements) that may differ from, or be in addition to, those available to shareholders generally. See the section of the Circular entitled "Securities Law Matters – Canadian Securities Law Matters – Multilateral Instrument 61-101". All benefits to be received by officers as a result of the Arrangement are, and will be, solely in connection with their services as employees of the Company. No benefit will be or has been conferred for the purposes of increasing the value of the Consideration in respect of the new Common Shares and exactEarth Shares delivered in respect of the Common Shares, or is it or will it be, conditional on the Person supporting the Arrangement.

MATTERS TO BE ACTED UPON

THE ARRANGEMENT

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the CBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by the Company under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as **Appendix "B"**.

In order to implement the Arrangement, the Arrangement Resolution must be approved by not less than two-thirds of the votes cast by the Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Arrangement Resolution is set out in **Appendix "A"** to this Circular.

Unless otherwise directed, it is management's intention to vote IN FAVOUR of the Arrangement Resolution. If you do not specify how you want your Common Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Arrangement Resolution.

Purpose of the Arrangement

The purpose of the Arrangement is to effect the acquisition of 100% of the outstanding Common Shares of the Company by Honeywell and effect the Spinout Transaction.

Background to the Arrangement

The Board and senior management of the Company have periodically reviewed the Company's business plan and strategic opportunities and have from time to time considered various strategic options that might accelerate the achievement of its business plan or otherwise enhance shareholder value. Canaccord Genuity was retained on December 2, 2010 to act as its financial advisor in connection with its ongoing strategic review process and has continued to advise the Company on a variety of strategic alternatives and options since that time.

One of the key issues identified as part of the ongoing strategic review process was the Company's ongoing material investment in exactEarth, a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. The Company had co-sponsored the creation of exactEarth since its inception in 2009 and currently holds a 73% equity ownership position, with the remaining minority interest held by the Minority Shareholder, a Spanish satellite communications services provider.

In July of 2014, exactEarth initiated a strategic alternatives review process in light of its own anticipated growth plans and capital investment needs, which included the consideration of a possible initial public offering, other equity financing alternatives, strategic acquisitions, or a possible sale or business combination transaction involving exactEarth. A special committee of the Board (the "**exactEarth Special Committee**") was struck to consider further the potential alternatives, and Canaccord Genuity was retained on July 15, 2014 as financial advisor to exactEarth in connection with this process.

On February 5, 2015, the Board of Directors received a letter (the "**Shareholder Letter**") from a shareholder of the Company, purporting to speak on behalf of a group of shareholders representing approximately 12% of the outstanding Common Shares. The letter expressed the view that the Common Shares were significantly undervalued by the public markets and that the reasons for the valuation gap included the co-ownership of the Core Business and the exactEarth business, which had very different growth and financial prospects, and therefore appealed to different investor groups. The author of the Shareholder Letter also expressed the view that the Board should engage in a comprehensive strategic review process involving the entire business to surface the best value for shareholders.

On March 6, 2015, the Board met and discussed the Shareholder Letter and certain discussions that Terry Reidel, Chair of the Board had held with the shareholder in question since February 5th. Following discussion and in light of the desire of the Board to consider in good faith the strategic options that might be available to it as well as to consider the outcome of the ongoing exactEarth strategic alternatives process from the perspective of the Company's own best interests, the Board appointed the Special Committee for the purpose of assessing and reviewing the Company's strategic alternatives, with a particular focus on the Core Business, and if relevant, supervising the conduct of any transaction process that might result. Osler, Hoskin & Harcourt LLP was retained as legal counsel to the Special Committee, while Edgar Hielema of Gardiner Roberts LLP (the Company's primary external counsel) was appointed Secretary to the Special Committee. Between the date of its creation on March 6, 2015 and the execution of the Arrangement Agreement on November 5, 2015, the Special Committee generally met at least once a week and more frequently during periods of heavier activity.

On March 9, 2015, the Company announced that exactEarth had presented its shareholders (the Company and the Minority Shareholder) with strategic growth plans that were expected to expand its existing vessel tracking business into the much larger maritime data services market and that Canaccord Genuity had been retained to advise the exactEarth board of directors on the implementation of private and public funding options as well as potential merger and acquisition opportunities. The Company also disclosed at that time that it was taking steps to refresh and update its own strategic plan, and that it had retained Canaccord Genuity under a separate engagement in connection with that initiative.

The Special Committee met on numerous occasions in March and April of 2015 and engaged in a series of discussions, involving input from both senior management and Canaccord Genuity, regarding the Company's business plan, short and long-term prospects, risk profile, capital structure and strategic options. The Special Committee ultimately concluded that, together with an ongoing review of other strategic options, it would be in the best interests of the Company to explore the potential interest of third parties in pursuing potential change of control or business combination transactions with a view to assessing the potential value to be unlocked through a potential change of control transaction and, with the concurrence of the Board, provided instructions to management and to Canaccord Genuity to engage in an outreach process to potential interested parties.

On April 27, 2015, The Black Box Institute was retained as special advisor to the executive management team of the Company in connection with the strategic review process.

In late May and early June 2015, a total of 38 parties were approached with a view to assessing their interest in participating in a strategic alternatives process involving the Core Business. The Company then engaged in a process of negotiating, settling and entering into forms of confidentiality and standstill agreements with those parties that had indicated an interest in participating in the process. Thirteen parties entered into confidentiality and standstill agreements with the Company, were provided with a form of confidential information memorandum regarding the Company's Core Business business and operations and were invited to submit indicative non-binding indications of interest in order to advance to the next stage of the process.

Over the course of May and early June 2015, the exactEarth Special Committee, with the support of the Company and the Minority Shareholder, determined that it wished to move forward with a potential initial public offering of exactEarth on the TSX as a means of raising additional capital to pursue exactEarth's growth strategy, permitting Shareholders the benefit of a separate market valuation for exactEarth, and simplifying the broader review of the Company's strategic options. The Company and the Minority Shareholder, as the current shareholders of exactEarth, then engaged in discussions and negotiations regarding the terms on which the exactEarth initial public offering would proceed, including the impact on the existing exactEarth shareholders agreement.

On June 8, 2015, exactEarth announced that it had entered into a strategic alliance with Harris Corporation to provide a new level of AIS data service to deliver real-time global coverage for maritime vessel tracking using the Iridium NEXT constellation through the implementation of 58 hosted payloads covering the Maritime VHF frequency band.

On June 23, 2015, exactEarth filed a preliminary prospectus with the securities regulatory authorities in each of the provinces and territories of Canada (other than Quebec) in connection with a proposed initial public offering of its common shares, through a syndicate of underwriters to be led by Canaccord Genuity. An amended preliminary prospectus was subsequently filed on July 9, 2015 and a further amended preliminary prospectus was filed on July 14, 2015.

On June 23, 2015, parties that had signed confidentiality and standstill agreements with the Company to that point were sent a process letter inviting them to make confidential, written and non-binding proposals for a transaction involving the Core Business, together with their proposed treatment of the Company's interest in exactEarth. The deadline provided for receipt of the non-binding indicative proposals was July 10, 2015.

On July 13 and July 24, 2015, the Special Committee met and reviewed the five non-binding indications of interest that had been received at the conclusion of the initial phase of the process. The Special Committee authorized proceeding with the next phase of the process with four of the five interested parties. The second phase of the process took place from late July to early September of 2015, and included the provision of access to an online data room of confidential information related to the Company's Core Business and operations, the making of management presentations and the facilitation of site visits to the Company's facilities.

On July 31, 2015, exactEarth and the Company announced that the proposed exactEarth initial public offering was being postponed due to challenging conditions in the capital markets.

The remaining participants in the process were provided with a second stage process letter in mid-August and a form of draft Arrangement Agreement in late August, and asked to provide final written proposals regarding an acquisition of the Company's Core Business by no later than September 11, 2015 (subsequently extended to September 17, 2015), accompanied by their proposed comments on the draft form of proposed Arrangement Agreement. While the participants were free to express any interest that they might have in acquiring the entirety of the Company's assets, including the exactEarth Shares, the assumed default form of transaction that participants were invited to adopt for purposes of both the financial indications of interest and their comments on the draft form of Arrangement Agreement was that the exactEarth Shares would be distributed in their entirety to the Securityholders as part of a plan of arrangement transaction in which the Common Shares would be acquired by the purchaser immediately following the Spinout Transaction – as a result, the participants were invited to bid principally on the basis of the value that they were prepared to pay for the Core Business. This assumed form of transaction structure (ie. a sale of the Common Shares accompanied by the spinout of the exactEarth Shares to existing Securityholders) reflected a thorough review of the various structural alternatives by the Company in conjunction with its tax and financial advisors.

The Company issued its third quarter financial results on September 11, 2015.

At and shortly following the September 17, 2015 second stage process deadline, the Company received written offers from three parties, one of which was from Honeywell, each accompanied by marked-up versions of the draft Arrangement Agreement. The range of financial consideration under each of the three offers fell within a relatively narrow range that was lower than the Consideration ultimately offered under the Arrangement. The Special Committee and the Board of Directors then held successive meetings on September 23, 2015 and September 25,

2015, respectively, and reviewed the terms of the offers in detail in consultation with their financial and legal advisors. These meetings also included presentations and input from management, The Black Box Institute and Canaccord Genuity regarding the Company's existing business plan and stand-alone prospects. Following consideration of the financial and other terms of each of the three offers, the Board determined that each of the bidders should be invited to submit revised offers.

Accordingly, each of the three bidding parties was invited on September 25, 2015 and in the days that followed to submit revised "best and final" offers, together with a request that they reconsider certain of the non-financial terms of their offers as reflected in their mark-ups of the Arrangement Agreement, on the understanding that the Company would enter into a period of exclusivity with the party offering the most attractive terms, with a view to negotiating definitive transaction documents.

Over the next several days, Canaccord Genuity led a series of negotiations with each of the three bidding parties in order to determine the "best and final" terms that each was prepared to offer, together with a negotiation over certain other material non-financial points identified in the review of their marked-up Arrangement Agreements. As a result of those negotiations, Honeywell materially improved both the financial and non-financial terms of its offer to a greater extent than the other bidders, and accordingly the Company determined that Honeywell provided the most attractive partner with which to enter into exclusive negotiations aimed at arriving at a binding transaction agreement.

Following this final period of negotiations, the Company entered into a 21 day exclusivity period with Honeywell on October 3, 2015. In the weeks that followed, Honeywell completed its final confirmatory due diligence process and the parties continued to negotiate the terms of the Arrangement Agreement, the Business Separation Agreement and certain ancillary agreements. Concurrently with that process, the Company engaged in further and more detailed discussions with the Minority Shareholder regarding the terms on which it was prepared to consent to the Spinout Transaction, and the termination of the exactEarth shareholders agreement. Those discussions concluded on October 29, 2015, with the execution of the Memorandum of Understanding between the Company and the Minority Shareholder, in which the Minority Shareholder provided a consent to the implementation of the Spinout Transaction and termination of the exactEarth shareholders agreement in exchange for the payment of a termination payment by the Company to the Minority Shareholder prior to closing of $9,709,961. The Company and the Minority Shareholder also each agreed to convert their existing debt from exactEarth into equity and to make additional capital investments in exactEarth at an assumed $125 million enterprise value for exactEarth. See "Matters to be Acted Upon – The Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction".

On October 7, 2015, a public newswire story appeared regarding the Company's strategic alternatives process. Following a request from IIROC, the Company issued a press release later that day to the effect that it had been involved in confidential discussions with third parties regarding potential strategic transactions with the assistance of its financial advisor, Canaccord Genuity.

On October 24, 2015, Honeywell and the Company agreed to extend the exclusivity period until October 30, 2015. Over the course of the extended exclusivity period, the parties continued to negotiate a number of outstanding points relating to the terms of the Spinout Transaction and the Arrangement, including among other things with respect to the potential residual tax liability to the Company arising as a result of the Spinout Transaction. Over the course of discussions that occurred between October 30, 2015 and November 4, 2015, the parties agreed to the final transaction terms that are reflected in the Consideration and the Arrangement as set forth and described in the Arrangement Agreement including, in particular, the basic consideration of $5.125 per share in cash, plus a second contingent payment of up to $0.125 per share based on the trading value of the exactEarth Shares over the first five trading days following completion of the Arrangement.

On the afternoon of November 4, 2015, the exactEarth board of directors met and approved the execution of the Business Separation Agreement and ancillary matters related to the Arrangement affecting exactEarth. Later that afternoon, the Special Committee met and received an update from the legal and financial advisors regarding the status of the negotiations. The members of the Special Committee expressed their support for the final transaction terms as understood and Canaccord Genuity indicated to the Special Committee that they would be prepared to provide a verbal opinion to the effect that the consideration to be offered under the proposed transaction was fair,

from a financial point of view, to the Shareholders. Accordingly, the Special Committee passed a resolution to recommend the transaction to the Board of Directors.

Later in the afternoon of November 4, 2015, the Board met. Following a briefing by the members of the Special Committee and the external financial and legal advisers regarding the status of negotiations, and following receipt of a recommendation from the Special Committee and a verbal opinion from Canaccord Genuity to the effect that the consideration to be offered under the proposed transaction terms was fair, from a financial point of view, to the Shareholders, the Board unanimously determined that the Arrangement was in the best interests of the Company, approved the entering into of the Arrangement Agreement and the Business Separation Agreement, and resolved to recommend that Shareholders vote in favour of the Arrangement Resolution.

The parties continued to negotiate the final terms of the agreements over the course of the day on November 5, 2015, and executed the Arrangement Agreement and the Business Separation Agreement shortly following the closing of trading on the TSX and disseminated a press release announcing the Arrangement shortly thereafter.

Proposed Timetable for the Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates as proposed are as follows:

Meeting:	January 21, 2016
Final Court Approval:	January 25, 2016
Closing and Effective Date:	On or before March 31, 2016, subject to the satisfaction of the conditions to the Arrangement

These dates are subject to amendment pursuant to the terms of the Arrangement Agreement. The date of the final Court approval and the Effective Date are anticipated dates. The Parties will determine the Effective Date, based on their analysis of when all conditions to the completion of the Arrangement are satisfied or waived by the Party entitled to the benefit thereof. Notice of the actual Effective Date will be given to Shareholders through a press release when all conditions to the Arrangement have been met or waived and the Board is of the view that all elements of the Arrangement will be completed.

Recommendation of the Special Committee

The Board established the Special Committee to, among other things, assess and review the Company's strategic alternatives, with a particular focus on the Core Business, and if relevant, supervising the conduct of any transaction process that might result, including the Arrangement.

The Special Committee, having undertaken a thorough review of, and having carefully considered, the proposed Arrangement and the alternatives, including consulting with its legal advisors and having taken into account the Fairness Opinion, input from The Black Box Institute, the special advisor to the executive management team of the Company, and such other matters as it considered relevant, unanimously determined that the Arrangement is in the best interests of the Company and is fair from the point of view of the Shareholders. Accordingly, the Special Committee unanimously recommended that the Board approve the Arrangement and recommended that the Board recommend that the Shareholders vote **IN FAVOUR** of the Arrangement Resolution.

Recommendation of the Board

After careful consideration, the Board, having taken into account the unanimous recommendation of the Special Committee, the Fairness Opinion and such other matters as it considered relevant, including the factors set out below under the heading "*Reasons for the Arrangement*", and after consultation with its financial and legal advisors, has unanimously determined that the Arrangement is in the best interests of the Company and is fair to Shareholders. Accordingly, the Board unanimously approved the Arrangement and unanimously recommends that Shareholders vote IN FAVOUR of the Arrangement Resolution. All of the Directors of the Company intend to vote their Common Shares FOR the Arrangement Resolution.

Reasons for the Arrangement

In the course of their evaluation of the Arrangement, the Special Committee and the Board consulted with the Company's senior management, legal counsel and Canaccord Genuity, reviewed a significant amount of information and considered a number of factors including, among others, the following:

Premium to Shareholders. Honeywell has offered Shareholders a significant premium to the Common Share price. The Consideration to be received by Shareholders under the Arrangement of $5.125 cash and a non-transferable Contingent Payment consisting of a payment of up to $0.125 per Common Share, together with the 0.1977 of an exactEarth common share (in each case subject to adjustment), is valued at a total of up to $6.54 per Common Share and represents a 46% premium over the closing Common Share price on the TSX of $4.49 on October 6, 2015, the day prior to confirmation by the Company that it was engaged in discussions regarding a potential change of control transaction involving the Company. The total consideration represents a 61% premium over the volume weighted average price of the Common Shares on the TSX for the 20 consecutive trading days ended March 9, 2015, the date on which the Company provided a strategic update with respect to exactEarth and a refresh of its strategic plan. The above premia descriptions assume an enterprise value for exactEarth of $125 million.

Immediate Value and Liquidity. The Arrangement provides Shareholders with cash consideration for all Common Shares held. Shareholders will be able to immediately realize benefits from the Company's strategic growth plan and the Board believes that the Arrangement provides the appropriate value for the current and future prospects of the Company.

Continued Ownership of exactEarth. The Arrangement also provides continued upside for Shareholders by allowing Shareholders to maintain an ownership stake in exactEarth as a standalone company. The Board believes that exactEarth represents the most significant growth area for the Company and the Arrangement provides Shareholders with the ability to receive a significant premium on their ownership interest in the Core Business while retaining full ownership and exposure to the higher growth exactEarth business going forward.

Advice from Canaccord Genuity. The receipt by the Board of the Fairness Opinion which provides that, as of the date thereof and subject to the assumptions, explanations, limitations and qualifications contained therein and such other matters as Canaccord Genuity considered relevant, the Consideration and exactEarth Shares to be received by Shareholders pursuant to the Arrangement is fair from a financial point of view to the Shareholders. The Fairness Opinion is attached as **Appendix "C"** to this Circular.

Culmination of Strategic Review. The Arrangement is the result of an extensive review of the strategic options available to the Company, and the Board has unanimously decided that this transaction provides the greatest present value to Shareholders. See "The Arrangement – Background to the Arrangement".

The Terms of the Arrangement Agreement. Under the terms of the Arrangement Agreement, the Board remains able to respond, in accordance with its fiduciary duties, to unsolicited proposals that are more favourable to Shareholders than the Arrangement.

Support Agreements. Each of the Directors and Crescendo Partners, a large Shareholder of the Company, has entered into Support Agreements with the Purchaser pursuant to which they have each agreed, among other things, to vote an aggregate of approximately 11% of the Common Shares in favour of the Arrangement.

No Financing Condition. The Arrangement is not subject to any financing condition, which provides additional certainty to Shareholders that the Arrangement will be completed.

Required Shareholder and Court Approvals. The Board considered the following rights and approvals which protect Shareholders:

- the Arrangement Resolution must be approved by not less than two-thirds of the votes cast at the Meeting;

- the Arrangement must be approved by the Court, which will consider, among other things, the fairness of the Arrangement to Shareholders; and

- Shareholders have the right to dissent to the Arrangement.

Treatment of Options, Share Awards and ESPP Shares. Subject to the terms of the applicable Cash-Out Consideration, all Options, Share Awards and ESPP Shares shall fully vest and be disposed of and surrendered by the holders thereof to the Company without any act or formality on its or their part in exchange for (i) a portion of an exactEarth Share, (ii) one non-transferable Contingent Payment, and (iii) the cash component of the Consideration or, in the case of an Option, a cash payment (net of applicable withholdings) equal to the amount by which the cash component of the Consideration exceeds the exercise price payable under such Option by the holder thereof and the holder of such Option, Share Award or ESPP Share shall cease to be the holder of such Option, Share Award or ESPP Share.

In the course of its deliberations, the Special Committee and the Board also identified and considered a variety of risks (as described in greater detail in the section of the Circular entitled "Risk Factors" in this Circular) and potentially negative factors in connection with the Arrangement, including, but not limited to:

- the completion of the Arrangement is subject to several conditions that must be satisfied or waived, including the receipt of a number of Regulatory Approvals. There can be no certainty that these conditions will be satisfied or waived;

- the Arrangement Agreement may be terminated by the Company or Honeywell in certain circumstances, in which case the market price for Common Shares may be adversely affected;

- if the Company is required to pay the Termination Fee and an alternative transaction is not completed, the Company's financial condition may be materially adversely affected;

- if the Arrangement is not completed as a result of a failure to obtain certain Regulatory Approvals, the Break-Up Fee may not adequately compensate the Company for costs incurred in connection with the Arrangement; and

- significant management time and attention will be diverted from the Core Business of the Company in order to undertake the Arrangement, which could have an adverse impact on the Company and/or the Core Business.

The reasons for the Board recommending the Arrangement include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See the sections of the Circular entitled "Disclaimers - Forward-Looking Statements" and "Risk Factors" in this Circular and in the Appendices to this Circular.

The foregoing summary of the information and factors considered by the Special Committee and the Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the Special Committee and the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The recommendations of the Special Committee and the Board were made after considering all of the above-noted factors and in light of the Special Committee's and the Board's knowledge of the business, financial condition and prospects of the Company, and was also based on the advice of financial advisors and legal advisors to the Board. In addition, individual members of the Special Committee and the Board may have assigned different weights to different factors.

Fairness Opinion

In connection with its strategic review process, the Company retained Canaccord Genuity to provide financial advisory services. In connection with this mandate, Canaccord Genuity provided an opinion to the Board to the effect that, as at the date thereof and subject to the assumptions, explanations, limitations and qualifications contained therein and such other matters as Canaccord Genuity considered relevant, the Consideration and exactEarth Shares to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. The Fairness Opinion was rendered on the basis of securities markets, economic, financial and general business conditions prevailing at the date of the Fairness Opinion and the conditions, prospects, financial and otherwise, of the Company and its Subsidiaries and affiliates, as they were reflected in the documents, data, opinions, appraisals or other information reviewed by Canaccord Genuity and as they have been represented to Canaccord Genuity in discussions with management of the Company. Canaccord Genuity has disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion after the date of such opinion. Canaccord Genuity reserves the right to change, modify or withdraw its opinion in the event that there is a material change after the date of the Fairness Opinion or if Canaccord Genuity learns that the information relied upon was inaccurate, incomplete or misleading in any material respect. The full text of the Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as **Appendix "C"** to this Circular. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

Under its engagement letter with Canaccord Genuity, the Company has agreed to pay a fee to Canaccord Genuity for its services as a financial advisor, including a fee for the delivery of the Fairness Opinion and a fee which is contingent upon the successful completion of the Arrangement. The Company has also agreed to indemnify Canaccord Genuity against certain liabilities in connection with its engagement.

The Fairness Opinion is not a recommendation to the Board or any Shareholder as to how to vote or act on any matter relating to the Arrangement. The Fairness Opinion was one of a number of factors taken into consideration by the Special Committee and the Board in considering the Arrangement. The Special Committee and the Board urge Shareholders to read the Fairness Opinion carefully and in its entirety.

Overview of the Arrangement

The Arrangement is structured in a manner to efficiently complete the Spinout Transaction and thereafter permit the acquisition of all of the issued and outstanding Common Shares by Honeywell. The Spinout Transaction is being effected immediately prior to the acquisition of the Company by the Purchaser by way of a share exchange transaction, pursuant to which the share capital of the Company will be reorganized and each Shareholder will receive, in exchange for each Common Share, one New Common Share and 0.1977 of an exactEarth Share (subject to adjustment). The Purchaser will then acquire all of the New Common Shares under the Plan of Arrangement for the Consideration.

As a result of the Arrangement (including the Spinout Transaction) the Company will become wholly-owned by the Purchaser and each Shareholder (other than any Dissenting Shareholder) will receive an initial cash payment of $5.125 per Common Share and 0.1977 of an exactEarth Share (subject to adjustment). Each Shareholder will be eligible to receive a second payment approximately two weeks following the closing date of up to $0.125 per Common Share, based on the distribution of the Contingent Payment Amount.

Upon completion of the Arrangement, holders of Options, Share Awards and ESPP Shares will receive the Consideration and exactEarth Shares or the Cash-Out Consideration, as the case may be, in accordance with the terms of the Plan of Arrangement.

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as **Appendix "B"** to this Circular. Commencing at the Effective Time, the following events or transactions shall occur or shall be deemed to occur in the following sequence at two minute intervals without any further acts or formality:

(a) the Shareholder Rights Plan shall be terminated (and all rights issued thereunder shall expire) and shall be of no further force or effect and thereafter no Person shall have any further liability or obligation to the former holders of any rights thereunder, all without any further act or formality;

(b) the authorized share capital of the Company will be reorganized as follows:

(i) a new class of shares consisting of an unlimited number of New Common Shares will be created, and the articles of the Company will be deemed to be amended accordingly;

(ii) each Common Share will be exchanged with the Company (without any action on the part of the holder of the Common Share) for one New Common Share and 0.1977 of an exactEarth Share (subject to adjustment) and all such Common Shares will thereupon be cancelled;

(iii) each holder of Common Shares exchanged with the Company will cease to be the holder of such Common Shares so exchanged and such holder's name will be removed from the register of holders of Common Shares at such time;

(iv) the amount added to the stated capital account of the Company in respect of the New Common Shares will be an amount equal to the paid-up capital of the Common Shares for purposes of the Tax Act exchanged in step (b)(ii) above less the aggregate fair market value of the exactEarth Shares distributed on such exchange; and

(v) each former Shareholder will be deemed to be the holder of the exactEarth Shares and New Common Shares (in each case, free and clear of any and all Encumbrances and any other rights of others) exchanged for the Common Shares on the Effective Date and will be entered in the Company's and exactEarth's register of holders of exactEarth Shares and New Common Shares, as the case may be, as the holder thereof;

(c) notwithstanding any vesting or exercise provisions to which an Option, Share Award or ESPP Share might otherwise be subject (whether by contract, the conditions of a grant, applicable Law or the terms of the Applicable Plan) each Option, Share Award and ESPP Share issued and outstanding at the Effective Time will, without any further action by or on behalf of any holder of such Option, Share Award or ESPP Share be deemed to be fully vested and:

(i) in the case of any Trust Share Award, such Trust Share shall be sold pursuant to and in accordance with the Plan of Arrangement and the Consideration and exactEarth Shares received shall be paid to the holder thereof by the trustee under the Applicable Plan as soon as practicable following the Effective Date and, following such payment, the holder of such Share Award will cease to be the holder and will cease to have any rights as a holder in respect of such Share Award under the Applicable Plan, such holder's name will be removed from the Company's register of Share Awards and all agreements, grants and similar instruments relating thereto will be cancelled; and

(ii) in the case of all of the outstanding Options, ESPP Shares and all Non-Trust Share Awards, such Options, ESPP Shares and Non-Trust Share Awards, as the case may be, shall be disposed of and surrendered by the holders thereof to the Company without any further action on behalf of the holder thereof and without any payment except as provided in the Plan of Arrangement and notwithstanding the terms of the Applicable Plan in exchange for the Cash-Out Consideration and the holder of such Option, ESPP Share or Non-Trust Share Award will cease to be the holder and will cease to have any rights as a holder in respect of such Option, ESPP Share or Non-Share Award or under the Applicable Plan, such holder's name will be removed from the Company's register of Options, ESPP Shares and all Non-Trust Share Award and all agreements, grants and similar instruments relating thereto will be cancelled;

(d) each outstanding New Common Share held by a Dissenting Shareholder entitled to be paid fair value for its Dissent Shares will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any and all Encumbrances and any other rights of others, to the Purchaser in consideration for a debt claim against the Purchaser in an amount determined in accordance with the Plan of Arrangement and thereupon each Dissenting Shareholder will have only the rights set out in the Plan of Arrangement and each Dissenting Shareholder will cease to be the holder of such New Common Shares;

(e) each outstanding New Common Share (other than those New Common Shares acquired by the Purchaser from Dissenting Shareholders under step (d) above), will be transferred to, and acquired by the Purchaser, free and clear of any and all Encumbrances and any other rights of others, in exchange for the Consideration and, in respect of each New Common Share:

(i) each former holder of New Common Shares will cease to be the holder of such New Common Shares so transferred concurrently with the transfers referred to in this provision and such holder's name will be removed from the register of holders of New Common Shares at such time; and

(ii) the Purchaser will be deemed to be the holder of such New Common Shares (free and clear of any and all Encumbrances and any other rights of others) on the Effective Date and will be entered into the Company's register of holders of New Common Shares as the holder sole thereof;

(f) each of the Stock Option Plan, Share Unit Plan, DSU Plan, Share Unit Plan for Directors, Employee Share Purchase Plan and Director Share Unit Plan shall be terminated (and all rights issued thereunder shall expire) and shall be of no further force or effect and, following payment by the trustee of all amounts held on behalf of the holders of Share Awards under the trust indentures in support of the Company's obligations under the Applicable Plans, such trust indentures shall be terminated and be of no further force or effect; and

(g) the Depositary shall pay all or a portion of the Contingent Payment Amount to holders entitled to receive a Contingent Payment and to the Purchaser (if so entitled), in each case in accordance with the Depositary Agreement.

As soon as practicable after the Effective Time, the directors of exactEarth, acting reasonably, will determine the fair market value of the exactEarth Shares as at the Effective Time, and thereafter the fair market value as so determined, provided same is acceptable to the Purchaser, acting reasonably, will be used for the purpose of determining the stated capital of the New Common Shares (as contemplated in step (b) above).

As of November 5, 2015, there were 76,554,352 Common Shares, Options exercisable for 1,806,713 Common Shares, 618,068.649 RSUs, 426,287.458 PSUs, 277,572.30 DSUs and Director Share Units, and 117,239.2275 ESPP Shares issuable under the ESPP to eligible employees.

Contingent Payment

On or before the Effective Date, the Company, the Purchaser and the Depositary will enter into the Depositary Agreement. On the Effective Date, the Purchaser shall deliver to the Depositary a cash payment equal to $10,000,000, to be held in escrow and distributed by the Depositary pursuant to and in accordance with the provisions of the Depositary Agreement.

Following certain exactEarth pre-closing capital changes described under "Matters to be Acted Upon – The Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction", the Company is expected to hold 15,722,605 exactEarth Shares, which will be distributed to all Securityholders proportionately. Assuming that exactEarth is valued at an enterprise value of $125 million, implying a price per exactEarth Share of $6.50, the value of the exactEarth Shares held by the Company would be approximately $102,196,933.

In connection with the distribution of the exactEarth Shares to Securityholders, the Company will incur capital gains Taxes on any increase in value of the exactEarth Shares above the Company's cost base. Pursuant to the terms of the Arrangement Agreement, the Company and Honeywell agreed on an allocation of any risks associated with an increase in the Taxes payable beyond the amount anticipated by the Company. The Arrangement Agreement provides that the Purchaser will deposit in trust with the Depositary the Contingent Payment Amount, which represents approximately $0.125 per Security. The Contingent Payment Amount will be used to satisfy the estimated increased Taxes that may be owing in circumstances where the exactEarth Shares increase in value over the first five trading days on which the exactEarth Shares are trading and, to the extent not required to satisfy an estimated increased Tax liability, such amount will be distributed to Securityholders.

If the aggregate market value of the exactEarth Shares distributed by the Company is less than or equal to $112,400,000, which represents a share price of approximately $7.15 per exactEarth Share, then the full Contingent Payment Amount, together with interest accrued on such amount, if any, will be paid and distributed by the Depositary to former Securityholders on a pro rata basis.

If the aggregate market value of the exactEarth Shares distributed by the Company exceeds $112,400,000, representing a per share price of more than $7.15 per exactEarth Share, then: (A) a portion of the Contingent Payment Amount equal to: (1) the amount by which the aggregate market value of the exactEarth Shares distributed by the Companyexceeds $112,400,000, multiplied by (2) 13%, will be paid to the Purchaser; and (B) the balance of the Contingent Payment Amount, together with interest accrued thereon, if any, will be paid and distributed by the Depositary to Securityholders on a pro rata basis.

The aggregate market value of the exactEarth Shares distributed by the Company will be calculated on the basis of the volume-weighted average trading price for the exactEarth Shares on the TSX (or such other stock exchange as the exactEarth Shares may be listed and posted for trading if not listed on the TSX) for the first five days on which the TSX is open for trading immediately following the initial listing of the exactEarth Shares.

Accordingly, depending on the value of the exactEarth Shares (calculated in accordance with the above), Securityholders could receive their pro rata portion of the Contingent Payment Amount (plus interest, if any), being up to $0.125 per Security.

If the Parties determine that the Depositary is unable to accept the Contingent Payment Amount or distribute the Contingent Payment Amount to holders entitled to Contingent Payments, the Parties agree to negotiate in good faith either: (i) the provisions of a contingent value rights indenture between the Company, the Purchaser and Computershare Trust Company of Canada, or such other registered trust company as may be acceptable to the Parties, acting reasonably, which shall provide for the issuance of contingent value rights to Securityholders, or (ii) an alternative structure that provides a substantially similar economic outcome, and in either case the Parties will negotiate in good faith such amendments to the Plan of Arrangement as may be reasonably necessary.

Overview of the Spinout Reorganization and the Spinout Transaction

The Spinout Reorganization and the Spinout Transaction are being effected immediately prior to the acquisition of the Company by the Purchaser. The Spinout Reorganization is intended to reorganize the capital structure of exactEarth in advance of the Spinout Transaction. The Spinout Transaction will then be undertaken by way of a share exchange transaction, pursuant to which the share capital of the Company will be reorganized and each Shareholder will receive, in exchange for each Common Share, one New Common Share and receive 0.1977 of an exactEarth Share (subject to adjustment). The Purchaser will then acquire all of the New Common Shares under the Plan of Arrangement.

Prior to undertaking the Spinout Reorganization described below, exactEarth will amend its capital structure to consist of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. The currently outstanding Series A and Series B shares will then be converted into exactEarth Shares on a one for one basis. For additional information on the capital structure of exactEarth see **Appendix "E"** - "Information Concerning exactEarth Ltd.

Memorandum of Understanding

On October 29, 2015, the Company and Hisdesat Servicios Estrategicos S.A., the minority Shareholder in exactEarth (the "**Minority Shareholder**"), entered into the Memorandum of Understanding, pursuant to which, among other things, the Minority Shareholder agreed to waive its rights under the shareholders agreement governing exactEarth. The Minority Shareholder currently owns approximately 27% of the outstanding shares of exactEarth. In addition, the Memorandum of Understanding provides for a reorganization transaction (the "**Spinout Reorganization**") in respect of exactEarth to occur prior to the Spinout Transaction, including:

(a) the Company will make a payment of $9,709,961 to the Minority Shareholder;

(b) the Minority Shareholder will purchase from the Company $1,882,471 of indebtedness that it holds in exactEarth, such that immediately following such purchase, the *pro rata* indebtedness held by the Company and the Minority Shareholder in exactEarth shall be 73% and 27%, respectively;

(c) the Company and the Minority Shareholder will convert all of the exactEarth indebtedness that each owns (after the debt purchase described above) in the aggregate amount of $47,769,000 into equity at a price per exactEarth Share of $6.50, for 5,365,340 exactEarth shares to the Company and 1,984,441 exactEarth Shares to the Minority Shareholder, all being at a valuation equal to an enterprise value of $125,000,000;

(d) the Company will subscribe for $14,600,000 of exactEarth Shares and the Minority Shareholder will subscribe for $5,400,000 of exactEarth Shares at a price per common share of exactEarth of $6.50, such that immediately following such subscription, the *pro rata* equity interest in exactEarth of the Company and the Minority Shareholder shall be 73% and 27%, respectively;

(e) certain members of senior management of exactEarth will subscribe for up to 100,000 exactEarth Shares at a price per exactEarth Share of $6.50; and

(f) exactEarth will implement the management incentive plans as substantially described in the exactEarth amended and restated preliminary prospectus filed on July 13, 2015.

Following the above series of pre-closing steps, exactEarth is expected to have 21,637,815 exactEarth Shares outstanding. The Company will own 15,722,605 exactEarth Shares or approximately 73%, while the Minority Shareholder will own 5,815,210 exactEarth Shares or approximately 27%, consistent with the current ownership split of the two existing Shareholders.

Pursuant to the Spinout Transaction, exactEarth Shares will be distributed to all Securityholders proportionately. Accordingly, the portion of an exactEarth Share that a Securityholder will receive for each Security held is dependent on the aggregate number of Securities outstanding on a fully-diluted basis, which may, subject to the limitations set forth in the Arrangement Agreement, change prior to the Effective Date.

In addition, pursuant to the Plan of Arrangement, Securityholders will not be entitled to fractional exactEarth Shares. Following the Effective Time, if the aggregate number of exactEarth Shares to which a Securityholder would otherwise be entitled would include a fractional share, then, subject to the following sentence, the number of exactEarth Shares that such Securityholder is entitled to receive will be rounded to the nearest whole number and no Securityholder will be entitled to any compensation in respect of any fractional exactEarth Shares for which the Securityholder's interest was rounded down, provided that in all cases, all exactEarth Shares held by the Company prior to the Effective Time shall be distributed. In the event that rounding to the whole number results in a shortfall of exactEarth Shares or in a failure to distribute all of the exactEarth Shares, then the Depositary shall be authorized to modify the rounding formula upwards or downward to the minimum extent necessary to ensure the full distribution of the exactEarth Shares without a shortfall.

Business Separation Agreement

On November 5, 2015, the Company and exactEarth entered into the Business Separation Agreement, with the Purchaser being named as a third-party beneficiary. The Business Separation Agreement provides for the separation of exactEarth and its Subsidiaries from the Company and its Subsidiaries and of their respective businesses from the Core Business.

The following is a summary of the principal terms of the Business Separation Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Business Separation Agreement, which has been filed by the Company on SEDAR at www.sedar.com.

Pursuant to the Business Separation Agreement, the Company and exactEarth have agreed to enter into certain agreements immediately prior to the completion of the Spinout Transaction, being:

(a) a lease, pursuant to which exactEarth will continue to lease its existing space from the Company;

(b) a ground station lease, pursuant to which exactEarth will continue to use, operate and have access to the satellite dish installed on the Company's property; and

(c) an undertaking, indemnity and consent agreement, pursuant to which exactEarth will agree to indemnify the Company with respect to certain guarantees given by the Company for two projects undertaken by exactEarth.

In addition, the Business Separation Agreement confirms the arrangements between the Company and exactEarth with respect to the completion of the transactions contemplated by the Memorandum of Understanding noted above and requires a notice of termination to be delivered to Global Payments Direct Inc. with respect to the guarantee given by the Company dated May 9, 2013, which notice has since been given.

Each of the Company and exactEarth have agreed to assume, fully pay, discharge, perform and fulfill all actions in connection with the liabilities for their respective businesses and to perform their respective obligations.

Prior to the Effective Date, and for such additional time as may reasonably be required thereafter, subject to the sole discretion of the Company, the Company agreed to cooperate and use reasonable efforts to assist exactEarth in connection with following:

(a) the Company shall cooperate to provide assistance, technical training, technical documentation, test results, training materials and mission specific software and technical tools (to the extent Company has the right to do so, and subject to reasonable licensing terms as applicable), as reasonably requested by exactEarth, in order to ensure that a sufficient number of employees of exactEarth are knowledgeable and adequately qualified with the requisite technical skills in order to independently commission and operate the Maritime Monitoring and Messaging Microsatellite (M3M), its payloads and the AIS payloads onboard the Spanish PAZ Radar Satellite after the Effective Time, provided that if such services are outside the scope of services that have been provided by the Company in the 12 month period prior to the November 5, 2015 and are not contemplated by an existing contract between the Company and exactEarth as of November 5, 2015, the Company shall receive reasonable compensation for such services from exactEarth. For further clarity reasonable costs in this context shall include only the out of pocket expenses related to these activities and labour expended charged at typical labour rates which the Company has charged exactEarth for recent labour services.

(b) not in limitation of paragraph (a) above, until the Effective Time, upon written request by exactEarth to the Company or a Subsidiary, the Company agrees (which agreement cannot be unreasonably withheld, conditioned or delayed) to provide all reasonable and timely cooperation in connection with the transitioning of any existing services currently provided by the Company to exactEarth as may reasonably be requested by exactEarth in order to effect the completion of the business separation contemplated herein.

The Business Separation Agreement contains representations and warranties of the Company and exactEarth customarily provided in connection with a spinout transaction.

The Business Separation Agreement provides for indemnification by each of the Company and exactEarth. In particular, the Company has agreed to indemnity exactEarth in respect of (i) any Misrepresentation or breach of any warranty made or given by the Company in the Business Separation Agreement; (ii) any failure by the Company to observe or perform any covenant or obligation contained in the Business Separation Agreement; or (iii) any failure by the Company to perform or otherwise properly discharge in accordance with its terms any of the Company's liabilities.

exactEarth has agreed to indemnify the Company in respect of (i) any Misrepresentation or breach of any warranty made or given by exactEarth in the Business Separation Agreement; (ii) any order made, or any inquiry, investigation or proceeding by any Person, including any Securities Regulator or Governmental Entity, based on any Misrepresentation or any alleged Misrepresentation in any information included in this Circular, including **Appendix "E"** or the Company's filings relating to exactEarth, any member of the exactEarth group, the exactEarth business, the exactEarth assets or the exactEarth financial statements; (iii) any failure by exactEarth to observe or perform any covenant or obligation contained in the Business Separation Agreement; or (iv) any failure by exactEarth to perform or otherwise properly discharge in accordance with its terms any of exactEarth's liabilities.

The foregoing indemnification obligations do not apply in respect of Losses arising from Taxes in relation to the Spinout Transaction and claims for indemnification must be made within 48 months after the Effective Date, except that the foregoing limitation will not apply to Losses arising out of or resulting from fraud, bad faith, wilful misconduct or gross negligence.

Approval of the Arrangement Resolution

At the Meeting, the Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in **Appendix "A"** to this Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the CBCA, the Arrangement Resolution must be approved by not less than two-thirds of the votes cast on the Arrangement Resolution by Shareholders, voting together as a single class of securities, present in person or represented by proxy at the Meeting. Should Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed.

The Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Shareholders vote <u>IN FAVOUR</u> of the Arrangement Resolution. All of the Directors of the Company intend to vote their Common Shares <u>IN FAVOUR</u> of the Arrangement Resolution.

Support Agreements

On November 5, 2015, the Purchaser entered into the Support Agreements with each Director and Crescendo Partners, a significant Shareholder of the Company (collectively, the "**Locked-up Shareholders**"). The Support Agreements set forth, among other things, the agreement of such Locked-Up Shareholders to vote their Common Shares in favour of the Arrangement and against any alternative transaction. The Locked-up Shareholders have entered into voting support agreements with the Purchaser, whereby they have agreed to vote an aggregate of approximately 11% of the outstanding Common Shares in favour of the Arrangement.

The following is a summary of the principal terms of the Support Agreements. This summary does not purport to be complete and is qualified in its entirety by reference to the Support Agreements, forms of which have been filed by the Company on SEDAR at www.sedar.com.

The Support Agreements require voting support, prohibits solicitation of an alternative Acquisition Proposal, and imposes a contractual hold period on Common Shares held by the Locked-Up Shareholders expiring upon completion of the Arrangement, or upon earlier termination of the Support Agreements.

Under the Support Agreements, the Locked-Up Shareholders have agreed to, among other things:

- attend (either in person or by proxy) any meeting (including the Meeting) of the Shareholders of the Company convened for the purposes of considering the Arrangement (including any adjournment(s) or postponement(s) thereof), and at such meeting (or any adjournment(s) or postponement(s) thereof) to vote or cause to be voted all Common Shares (including shares issued pursuant to Options, Share Awards and ESPP Shares) held by them in favour of the Arrangement, including the Arrangement Resolution, and in favour of any other matter proposed by the Board or Honeywell to be considered by the Shareholders at the Meeting which could reasonably be expected to facilitate the Arrangement;

- vote or cause to be voted all Common Shares against any Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the successful completion of the Arrangement at any Meeting of the Shareholders called for the purpose of considering the same;

- each Director and Crescendo Partners, no later than 10 days and 5 Business Days, respectively, prior to the Meeting, irrevocably and unconditionally agree to deposit (or instruct the Intermediary through which the Common Shares are held to arrange for deposit) an irrevocable proxy, duly completed and executed in respect of all of the Common Shares held, voting all such Common Shares in favour of the Arrangement Resolution and in respect of all matters which may come before a meeting of the Shareholders relating to the Arrangement (other than any change in the terms of the Arrangement which would decrease the value of the Consideration to be received by Shareholders) and will not take any action to withdraw, amend or invalidate any proxy deposited notwithstanding any statutory or other rights or otherwise which a Shareholder might have unless such Support Agreement is terminated;

- vote, or cause to be voted, the Common Shares held by them against, and to not otherwise support or tender any such Common Shares in connection with, in each case, any: (i) other transaction or proposal including a liquidation, take-over bid, or sale of material assets not contemplated by the Arrangement Agreement, (ii) amendment of the Company's articles or by-laws or other proposal or transaction which would in any manner delay, impede frustrate or prevent the Arrangement or any of the transactions reasonably necessary for the consummation of the Arrangement, or change the voting rights of the Common Shares or other Securities, or (iii) action, agreement, transaction or proposal that might reasonably be regarded as being directed towards or likely to delay or prevent the Meeting or the successful completion of the Arrangement at any meeting of Shareholders, including any Acquisition Proposal; and

- not exercise or permit any other Person to exercise any right to dissent pursuant to applicable Law in respect of the Arrangement, the Interim Order, the Final Order or otherwise in connection with the Arrangement, in each case as such may be amended or varied at any time prior to the Effective Time.

The obligations under each respective Support Agreement will terminate upon the earliest of: (a) the mutual written agreement of the Purchaser and the Locked-Up Shareholder; (b) the termination of the Arrangement Agreement in accordance with its terms; (c) written notice by the Purchaser or the Locked-Up Shareholder to the other party if such party has not complied in all material respects with its covenants under the Support Agreement; (d) the Effective Time; or (e) the Outside Date (taking into account any extensions thereof).

Procedure for Exchange of Common Shares

Deposit of Consideration

Computershare Trust Company of Canada is acting as Depositary under the Arrangement. The Depositary will receive deposits of certificates representing Common Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering share certificates representing exactEarth Shares and cheques in respect of the Consideration to which Shareholders are entitled under the Arrangement, including any subsequent entitlement to the Contingent Payment**.**

At or prior to the Effective Date, the Purchaser shall (and the Parent shall ensure that the Purchaser will): (i) deposit with the Depositary in accordance with the Arrangement Agreement, cash in an amount sufficient to pay the aggregate Consideration to which the Shareholders are entitled to receive (net of applicable withholdings), and (ii) deposit with the Depositary in accordance with the Arrangement Agreement, the Contingent Payment Amount.

At or prior to the Effective Date, the Purchaser, on behalf and at the direction of the Company, will deposit with the Depositary cash in an amount sufficient to pay the aggregate cash component of the Cash-Out Consideration to which the holders of Options, Share Awards and ESPP Shares are entitled to receive (net of applicable withholdings).

At or prior to the Effective Date, the Company shall cause exactEarth to deliver to the Depositary a direction for the transfer of the exactEarth Shares held by the Company to Securityholders pursuant to the Plan of Arrangement.

Following the deposit with the Depositary of the amounts specified in the Plan of Arrangement, the Purchaser will be fully and completely discharged from its obligation to pay the Consideration to the former Shareholders and the Company and the Purchaser shall be fully and completely discharged from their respective payment obligations to former holders of Options, Share Awards and ESPP Shares, respectively, and the rights of such holders will be limited to receiving from the Depositary: (i) the Consideration and exactEarth Shares or the Cash-Out Consideration, as the case may be, and (ii) the amount payable to a holder entitled to a Contingent Payment in accordance with the provisions of the Depositary Agreement, in each case to the extent they are entitled in accordance with the Plan of Arrangement.

Letters of Transmittal

At the time of sending this Circular to each Shareholder, the Company is also sending to each Registered Shareholder the Letter of Transmittal. The Letter of Transmittal (enclosed herewith on yellow paper) is for use by Registered Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other Intermediary for instructions and assistance in receiving the exactEarth Shares and the Consideration in respect of their Common Shares including any subsequent entitlement to the Contingent Payment. Copies of the Letter of Transmittal may be obtained by contacting the Depositary. The Letter of Transmittal will also be available on SEDAR at www.sedar.com under the Company's profile.

The following is a summary of the procedures for the surrender of Common Shares set out in the Letter of Transmittal. The Letter of Transmittal contains additional procedural information relating to the Arrangement and should be reviewed carefully in its entirety. The deposit of Common Shares pursuant to the Letter of Transmittal will constitute a binding agreement between the depositing Shareholder, the Purchaser, the Company and exactEarth upon the terms and subject to the provisions of the Arrangement Agreement. If there is any conflict or inconsistency between the Letter of Transmittal and this summary, the provisions of the Letter of Transmittal shall govern.

The details for the surrender of Common Shares to the Depositary and the address of the Depositary are set out in the Letter of Transmittal. Provided that a Registered Shareholders has delivered and surrendered to the Depositary any share certificates representing their Common Shares together with the Letter of Transmittal properly completed and executed in accordance with the instructions set out in the Letter of Transmittal and any additional documents the Depositary may reasonably require, as soon as reasonably practicable after the Effective Date, the Depositary

will forward to each Registered Shareholder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) representing the Common Shares held by such Shareholder immediately prior to the Effective Date, the certificates representing the exactEarth Shares to which such Shareholder is entitled to receive under the Arrangement, and a cheque (or other form of payment of immediately available funds) for the amount of cash such Shareholder is entitled to receive in respect of the cash component of the Consideration under the Arrangement and a second payment subsequent to the Effective Date equal to the amount payable to the Shareholder, if any, in respect of the Contingent Payment in accordance with the provisions of the Plan of Arrangement (all net of any applicable withholding and other Taxes) in the aggregate amount of the Consideration, including any subsequent entitlement to the Contingent Payment, to which the Registered Shareholder is entitled under the Arrangement, all to be delivered to or at the direction of such Shareholder. Certificates representing the exactEarth Shares will be registered in such name or names as directed in the Letter of Transmittal, and together with a cheque in the aggregate amount of the Consideration to which such Registered Shareholder is entitled pursuant to the Arrangement, will be either (i) delivered to the address or addresses as such Shareholder directed in the Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Shareholder in the Letter of Transmittal.

A Registered Shareholder that did not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of the certificates representing the exactEarth Shares to which such Shareholder is entitled to receive under the Arrangement, and a cheque (or other form of payment of immediately available funds) for the amount of cash such Shareholder is entitled to receive in respect of the cash component of the Consideration under the Arrangement and a second payment subsequent to the Effective Date equal to the amount payable to the Shareholder, if any, in respect of the Contingent Payment in accordance with the provisions of the Plan of Arrangement (all net of any applicable withholding and other Taxes), by delivering the certificate(s) representing Common Shares formerly held by such Shareholder to the Depositary at the office indicated in the Letter of Transmittal at any time prior to the sixth anniversary of the Effective Date. Such certificates must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. Certificates representing the exactEarth Shares will be registered in such name or names as directed in the Letter of Transmittal, and together with a cheque in the aggregate amount of the Consideration to which such Shareholder is entitled pursuant to the Arrangement, will be either (i) delivered to the address or addresses as such Shareholder directed in the Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Registered Shareholder in the Letter of Transmittal, as soon as reasonably practicable following of receipt by the Depositary of the required certificates and documents.

Until such time as a Shareholder deposits with the Depositary a duly completed Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depositary or the Purchaser reasonably requires, the cash payment to which such Shareholder is entitled will, in each case be delivered or paid to the Depositary to be held in trust for such former Shareholder for delivery to the former Shareholder, without interest and net of all applicable withholding and other Taxes, if any, upon delivery of the Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents, certificates and instruments as the Depositary or the Purchaser reasonably requires.

Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more Common Shares held by a Dissenting Shareholder, a completed Letter of Transmittal and such additional documents, certificates and instruments as the Depositary or the Purchaser may reasonably require, the holder of such surrendered certificate or the deliverer of such Letter of Transmittal, as applicable, will be entitled to receive in exchange therefor, and the Depositary will deliver to such Dissenting Shareholder following the Effective Time, certificates representing the exactEarth Shares to which such Dissenting Shareholder is entitled to receive and such Dissenting Shareholder will have a debt claim against the Purchaser in an amount determined in accordance with the Plan of Arrangement. Please see the description under the heading “Dissent Rights” of the Dissenting Shareholder’s entitlements with respect to such debt claim.

After the Effective Time and until surrender for cancellation as contemplated above, each certificate which immediately prior to the Effective Time represented one or more Common Shares will be deemed at all times to represent only the right to receive in exchange therefor certificates representing the exactEarth Shares, a cheque (or other form of payment of immediately available funds) for any Consideration to which the holder of such certificate is entitled to receive in respect of the initial payment and a payment equal to the amount payable to a holder entitled

to a Contingent Payment, or, in respect of Common Shares formerly held by a Dissenting Shareholder, the exactEarth Shares to which the holder of such certificate is entitled to receive and a debt claim against the Purchaser in an amount determined in accordance with the Plan of Arrangement.

In the event any certificate, which immediately before the Effective Time represented one or more outstanding Common Shares in respect of which the holder was entitled to receive from the Company exactEarth Shares pursuant to the Arrangement, and that was exchanged for the Consideration, is lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, certificates representing exactEarth Shares, together with a cheque in the aggregate amount of the Consideration to which such Registered Shareholder is entitled pursuant to the Arrangement. When authorizing delivery of certificates representing exactEarth Shares and cheques representing the Consideration that a Shareholder is entitled to receive in exchange for any lost, stolen or destroyed certificate, such former holders to whom certificates and cheques are to be delivered will be required, as a condition precedent to the delivery thereof, to give a bond satisfactory to Honeywell, the Company, exactEarth and the Depositary in such amount as the Purchaser, the Company, exactEarth and the Depositary may direct or otherwise indemnify the Purchaser, the Company, exactEarth and the Depositary in a manner satisfactory to them, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

In the event of a transfer of ownership of Common Shares prior to the Effective Time that is not registered in the transfer records of the Company, the exactEarth Shares and a cheque or cheques representing the aggregate amount of Consideration, including any entitlement to the Contingent Payment, payable in respect of New Common Shares may be delivered to the transferee if the certificate representing such transferee's Common Shares is presented to the Depositary, accompanied by all documents required to evidence that such transfer occurred prior to the Effective Time and that all applicable share transfer Taxes have been paid.

A Registered Shareholder must deliver to the Depositary at the office listed in the Letter of Transmittal:

(a) the certificates representing the Registered Shareholder's Common Shares;

(b) a Letter of Transmittal in the form accompanying this Circular, or a manually executed photocopy thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and

(c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

Any use of the mail to transmit certificate(s) for Common Shares and/or Letters of Transmittal is at the risk of the Shareholder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, and with proper insurance, be used.

The signature on the Letter of Transmittal must be guaranteed by an Eligible Institution or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution) unless the Letter of Transmittal is signed by the registered owner of the Common Shares exactly as the name of the registered holder appears on the share certificate(s) deposited therewith. If a Letter of Transmittal is executed by a Person other than the registered holder of the share certificate(s) deposited therewith, the share certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

The Consideration, including any entitlement to the Contingent Payment, paid to Shareholders will be denominated in Canadian dollars. The Letter of Transmittal will provide for the ability of a Shareholder to elect to receive the Consideration, including the Contingent Payment, if any, in U.S. dollars. The amount payable in U.S. dollars will be based on the exchange rate available to the Depositary at its typical banking institution on the date the funds are converted. Shareholders electing to have the Consideration paid in U.S. dollars acknowledge and agree that any

change to the currency exchange rates of the U.S. dollar or Canadian dollar will be at the sole risk of the Shareholder who makes such election.

The Company, the Purchaser and the Depositary will be entitled to deduct and withhold from any amount otherwise payable under the Arrangement to any holder of Common Shares, Options, ESPP Shares or Share Awards such amounts as the Company, the Purchaser or the Depositary is required to deduct or withhold with respect to such payment under the Tax Act or Applicable Laws and will remit all amounts so deducted or withheld to the appropriate Governmental Entity. To the extent that amounts are so withheld or deducted and are remitted to the applicable Governmental Entity, such withheld or deducted amounts will be treated for all purposes of the Arrangement as having been paid to the Person in respect of which such deduction and withholding was made.

The Purchaser reserves the right to waive or not to waive any and all errors or other deficiencies in any Letter of Transmittal or other document and any such waiver or non-waiver will be binding upon the affected Shareholder. The granting of a waiver to one or more Shareholders does not constitute a waiver for any other Shareholder. The Purchaser reserves the right to demand strict compliance with the terms of the Letter of Transmittal and the Arrangement. The method used to deliver the Letter of Transmittal and any accompanying certificates representing Common Shares is at the option and risk of the holder surrendering them, and delivery will be deemed effective only when such documents are actually received by the Depositary. The Company recommends that the necessary documentation be hand delivered to the Depositary, and a receipt obtained therefor; otherwise the use of registered mail with return receipt requested, and with proper insurance obtained, is recommended.

Shareholders whose Common Shares are registered in the name of an Intermediary should contact that nominee for assistance in depositing their Common Shares and should follow the instructions of such nominee in order to deposit their Common Shares.

Procedure for Payment of Options, Share Awards and ESPP Shares

In accordance with the procedures outlined under the heading "Overview of the Arrangement", subject to the terms of the applicable Cash-Out Consideration, all Options, Non-Trust Share Awards and ESPP Shares shall fully vest and be disposed of and surrendered by the holders thereof to the Company without any act or formality on its or their part in exchange for the Cash-Out Consideration and the holder of such Option, ESPP Share, or Non-Trust Share Award will cease to be the holder and will cease to have any rights as a holder in respect of such Option, ESPP Share, or Non-Trust Share Award or under the Applicable Plan, such holder's name will be removed from the Company's register of Options, ESPP Shares and all Non-Trust Share Award and all agreements, grants and similar instruments relating thereto will be cancelled.

Trust Share Awards shall be sold pursuant to and in accordance with the Plan of Arrangement and the Consideration and exactEarth Shares received therefor under the Arrangement shall be paid to the holder thereof by the trustee under the Applicable Plan as soon as practicable following the Effective Date and, following such payment, the holder of such Share Award will cease to be the holder of such Share Award, will cease to have any rights as a holder in respect of such Share Award under the Applicable Plan, such holder's name will be removed from the Company's register of Share Awards and all agreements, grants and similar instruments relating thereto will be cancelled.

In certain circumstances, holders of Share Awards, ESPP Shares and Options may have to pay to the Company, prior to the Effective Date, an amount by which withholding Taxes (including in respect of the exactEarth Shares) exceed the Consideration exclusive of the Contingent Payment or where the exercise price of Options exceeds the Consideration exclusive of the Contingent Payment. Holders of Share Awards, ESPP Shares and Options should consult their advisors on whether they will be impacted by these provisions.

Fractional Shares

Following the Effective Time, if the aggregate number of exactEarth Shares to which a Securityholder would otherwise be entitled would include a fractional share, then, subject to the sentence that follows this sentence, the number of exactEarth Shares that such Securityholder is entitled to receive will be rounded to the nearest whole number and no Securityholder will be entitled to any compensation in respect of any fractional exactEarth Shares for which the Securityholder's interest was rounded down, provided that in all cases, all exactEarth Shares held by the Company prior to the Effective Time shall be distributed. In the event that rounding to the whole number results in a shortfall of exactEarth shares or in a failure to distribute all of the exactEarth Shares, then the Depositary shall be authorized to modify the rounding formula upwards or downward to the minimum extent necessary to ensure the full distribution of the exactEarth Shares without a shortfall.

Cancellation Rights After Six Years

Any certificate which immediately before the Effective Time represented outstanding Common Shares and which has not been surrendered, with a duly completed Letter of Transmittal and all other documents required by the Depositary, on or before the date that is six years after the Effective Date, will cease to represent any claim for exactEarth Shares, the Consideration or any other claim against or interest of any kind or nature in the Company, exactEarth or the Purchaser. Accordingly, former Shareholders who do not deposit with the Depositary a duly completed Letter of Transmittal and certificates representing their Common Shares on or before the date that is six years after the Effective Date will not receive exactEarth Shares or any other Consideration in exchange therefor and will not own any interest in the Company or exactEarth and such former Shareholders will not be paid any Consideration or other compensation.

Court Approval of the Arrangement

An arrangement under the CBCA requires Court approval.

Interim Order

On December 15, 2015, the Company obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters pursuant to Court proceedings commenced in respect of the Arrangement by a Notice of Application dated December 8, 2015. Copies of the Interim Order and the Notice of Application are attached as **Appendix "D"** to this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, the Company intends to make an application to the Court for the Final Order.

The Court hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time), on January 25, 2016, or as soon thereafter as counsel for the Company may be heard, at the courthouse located at 330 University Avenue, Toronto, Ontario, subject to the approval of the Arrangement Resolution at the Meeting. At the hearing, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of the affected parties. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The exactEarth Shares and New Common Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States in which Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a

hearing upon the fairness of the terms and conditions of such issuance and exchange at which all Persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the exactEarth Shares and New Common Shares to be issued to Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance and exchange of the exactEarth Shares and New Common Shares for the Common Shares pursuant to the Arrangement. See "Securities Law Considerations – U.S. Securities Laws Matters".

Under the terms of the Interim Order, each Securityholder, will have the right to appear and make submissions at the application for the Final Order, subject to compliance with the terms of the Interim Order. Any Person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving the Company at the address set out below, on or before 10:00 a.m. (Toronto time) on the second last Business Day prior to the hearing, a Notice of Appearance, together with all materials on which he, she or it intends to rely at the application. The Notice of Appearance and supporting materials must be delivered, within the time specified, to the Company at the following address:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place,
100 King Street West, Suite 6200
Toronto, Ontario
M5X 1B8
Attention: Laura Fric

with a copy to be provided to the solicitors of Honeywell at:

WeirFoulds LLP
Barristers & Solicitors
66 Wellington Street West, Suite 4100
Toronto-Dominion Centre
P.O. Box 35
Toronto, Ontairo
M5K 1B7
Attention: Steven Rukavina

Securityholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement.

The following is a summary of the principal terms of the Arrangement Agreement and Plan of Arrangement. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by the Company on SEDAR at www.sedar.com, and to the Plan of Arrangement, the principal terms of which are also summarized in this Circular. The full text of the Plan of Arrangement is appended to this Circular as ***Appendix "B"****.*

The Arrangement Agreement contains representations and warranties made by the Company, the Purchaser and the Parent. These representations and warranties were made by and to the Parties for the purposes of the Arrangement Agreement and are subject to the limitations and qualifications agreed to by the Parties in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to Shareholders or may have been used for the purpose of allocating risk between the Parties rather than for the purpose of establishing facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Arrangement Agreement.

On November 5, 2015, the Company, the Purchaser and the Parent entered into the Arrangement Agreement, pursuant to which, among other things, the Company, the Purchaser and the Parent agreed that, subject to the terms and conditions set forth in the Arrangement Agreement: (i) the Company will complete the Spinout Transaction, pursuant to which Shareholders will receive one New Common Share 0.1977 of an exactEarth Share (subject to adjustment) for each Common Share held, and (ii) the Purchaser will acquire all of the issued and outstanding New Common Shares in consideration for $5.125 in cash (subject to adjustment as provided for in the Arrangement Agreement) and one non-transferable Contingent Payment (being a subsequent payment of up to $0.125) for each New Common Share. The terms of the Arrangement Agreement are the result of arm's-length negotiation between the Company, the Purchaser and the Parent and their respective advisors.

REPRESENTATIONS AND WARRANTIES

The Arrangement Agreement contains a number of customary representations and warranties provided by the Company, the Purchaser and the Parent.

In particular, the Purchaser and the Parent have provided representations and warranties to the Company relating to, among other things: (a) corporate status; (b) the corporate power and authority; (c) the execution and delivery of the Arrangement Agreement, and the performance by it of its obligations thereunder not resulting in a violation, conflict or breach of such Party's constating documents; (d) the absence of any claims or proceedings; (e) adequate financing arrangements; (f) eligibility of the Purchaser as a "Canadian" and the Parent as a "WTO investor" as defined in the *Investment Canada Act*; (g) absence of security ownership of the Company by the Purchaser or the Parent; and (h) absence of finder's fees.

The Company has provided representations and warranties to the Purchaser and the Parent relating to, among other things: (a) corporate status; (b) the corporate power and authority, execution, delivery and enforceability; (c) ownership of Subsidiaries; (d) absence of defaults; (e) the absence of any claims or proceedings (f) certain Tax matters; (g) reporting issuer and listing status (h) capitalization; (i) absence of cease trade orders; (j) the accuracy of the Company's Disclosure Record; (k) financial statements and financial reporting; (l) accuracy of books and records; (m) disclosure controls; (n) internal controls; (o) absence of undisclosed liabilities; (p) absence of a Core Business Material Adverse Change; (q) conduct of business; (r) Licenses and Permits; (s) insurance matters; (t) compliance with laws; (u) product warranties; (v) intellectual property; (w) confidentiality agreements; (x) full disclosure; (y) broker engagements; (z) Transaction Expenses; (aa) no "collateral benefits"; (bb) up-the-ladder reporting; (cc) personal property; (dd) title to lands and buildings; (ee) leases; (ff) environmental matters; (gg) Material Contracts and Government Contracts; (hh) joint ventures or strategic alliances; (ii) employment matters; (jj) no insolvency; (kk) disclosure of guarantees; (ll) outstanding indebtedness; (mm) key suppliers and customers; (nn) U.S. Securities Laws; (oo) Foreign Corrupt Practices Act matters; and (pp) compliance with Office of Foreign Assets Control matters.

CONDITIONS PRECEDENT TO THE ARRANGEMENT

Mutual Conditions

The obligations of the Parties to complete the Arrangement are subject to the fulfilment of the following conditions, each of which may only be waived with the mutual consent of the Company, the Purchaser and the Parent:

- the Interim Order and Final Order shall have been granted on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to either Party, acting reasonably, on appeal or otherwise;

- the Arrangement Resolution shall have been passed by the Shareholders in accordance with the Interim Order;

- the Articles of Arrangement to be filed with the Director (as such term is defined in the CBCA) in accordance with the Arrangement Agreement shall be in form and substance acceptable to each of the Parties, acting reasonably;

- all Regulatory Approvals shall have been obtained, and no Governmental Entity of a competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law, judgment, decision, order, ruling or directive under any applicable antitrust, competition or foreign investment Law (whether temporary, preliminary or permanent), in any case which is in effect and which prevents, prohibits or makes illegal consummation of the Arrangement or that would permit the transactions to be consummated only subject to a Divestiture Condition (other than a Divestiture Condition acceptable to the Purchaser);

- all Key Consents and Approvals shall have been obtained;

- no Claim, objection or opposition shall have been taken, entered or promulgated before or by any Governmental Entity or by any elected or appointed Government Official or private Person in Canada or elsewhere and no Law, regulation, policy, judgment, decision, order, ruling or directive shall have been proposed, enacted, promulgated, amended or applied (whether temporary, preliminary or permanent), in each case other than any matter contemplated by the Arrangement Agreement, that makes it illegal or otherwise directly or indirectly restrains, enjoins or otherwise prohibits or would reasonably be expected to restrain, enjoin or otherwise prohibit consummation of, or dissolves the Arrangement or the other transactions contemplated by the Arrangement Agreement or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which has, or could reasonably be expected to have, a Core Business Material Adverse Change, or a material adverse effect on the Purchaser's ability to consummate the Arrangement, or compelling the Purchaser to accept a Divestiture Condition or requiring the Purchaser to pursue or defend any Claim in respect of the foregoing beyond an interim or preliminary injunction;

- the issuance of New Common Shares and exactEarth Shares issuable pursuant to the Spinout Transaction and Arrangement shall be exempt from registration requirements under the U.S. Securities Act pursuant to section 3(a)(10) thereof and the registration and qualification requirements of all applicable U.S. Securities Laws; and

- the Arrangement Agreement shall not have been terminated in accordance with its terms.

See the sections of the Circular entitled "The Arrangement – Shareholder and Court Approvals" and "Regulatory Approvals".

Additional Conditions in Favour of the Purchaser and the Parent

The Purchaser and its Parent are not required to complete the Arrangement unless each of the following conditions is also satisfied on or before the Effective Date (each of which is for the exclusive benefit of the Purchaser and the Parent and may only be waived, in whole or in part, by the Purchaser and/or the Parent in its sole discretion):

- the representations and warranties made by the Company in the Arrangement Agreement set out in: (i) subsections (h) (capitalization) and (y) (brokers) of Schedule 4.1 of the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except in the case of (h), as such representation may be affected by transactions expressly contemplated or permitted by the Arrangement Agreement, including with respect to the number of ESPP Shares), (ii) subsections (i) (no cease trade orders), (z) (Transaction Expenses) and (nn) (U.S. Securities Law matters) of Schedule 4.1 shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement); and (iii) Schedule 4.1 of the Arrangement Agreement, other than as set out in (i) and (ii) above, shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and correct (read as though such representations and warranties omit exceptions for failures that do not have a Core Business Material Adverse Change, or for failures that are not material or failures with respect to specified thresholds, as applicable), individually or in the aggregate, would not have a Core Business Material Adverse Change, and the Company shall have provided to the Purchaser and the Parent a certificate of two senior officers of the Company certifying the foregoing on the Effective Date;

- the Company shall have complied and caused its Subsidiaries to have complied in all material respects with its and their respective covenants in the Arrangement Agreement (other than the covenant not to incur any Transaction Expenses other than those that may be reasonably required to consummate the contemplated transactions, which shall have been complied with in all respects), and the Company shall have provided to the Purchaser and the Parent a certificate of two senior officers of the Company certifying compliance with such covenants on the Effective Date;

- no Core Business Material Adverse Change shall have occurred after the November 5, 2015 and prior to the Effective Date and the Company shall have provided to the Purchaser a certificate of two senior officers of the Company to such effect;

- holders of no more than 10% of all of the issued and outstanding Common Shares shall have validly exercised Dissent Rights (and shall not have withdrawn such rights) in respect of the Arrangement;

- the Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken or caused to be taken by the Company and each of its Subsidiaries and by exactEarth and exactEarth Europe Ltd., to permit the consummation of the Spinout Transaction and Arrangement;

- the Memorandum of Understanding shall not have been terminated or otherwise amended without the consent of the Purchaser, acting reasonably; and

- the undertaking, indemnity and consent agreement shall have been executed and delivered by the Minority Shareholder and exactEarth, in the form attached as an exhibit to the Business Separation Agreement, except for such amendments as may be approved by the Purchaser, acting reasonably.

Additional Conditions in Favour of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is also satisfied on or before the Effective Date (each of which condition is for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion):

- the representations and warranties made by the Purchaser and the Parent in the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and correct (read as though such representations and warranties omit exceptions for failures that do not have or result in a material adverse effect on the ability of the Purchaser and the Parent to consummate the Arrangement and perform its obligations under the Arrangement Agreement), individually or in the aggregate, would not result or would not reasonably be expected to result in a material adverse effect on the ability of the Purchaser and the Parent to consummate the Arrangement and perform its obligations under the Arrangement Agreement and the Purchaser and the Parent shall have provided to the Company a certificate of two senior officers of each of the Purchaser and the Parent certifying the foregoing on the Effective Date;

- the Purchaser and the Parent shall have complied in all material respects with its covenants in the Arrangement Agreement and the Purchaser and the Parent shall have provided to the Company a certificate of two senior officers of each of the Purchaser and the Parent certifying compliance with such covenants on the Effective Date;

- the Purchaser shall have deposited or caused to be deposited with the Depositary in escrow the amounts contemplated by the Arrangement Agreement and the Depositary shall have confirmed to the Company receipt of these funds; and

- all Encumbrances over the exactEarth Shares pursuant to the Credit Agreement shall have been released.

COVENANTS

Covenants of the Company

The Company covenants and agrees that it shall:

- use commercially reasonable efforts to obtain a full and final mutual release, in form and substance satisfactory to the Purchaser, acting reasonably, from any and all employees or officers of the Company or any of its Subsidiaries, if any, that are entitled to any severance, termination, change of control or other similar payments, in connection with their resignation or termination of employment prior to the Effective Date, or as a result of the completion of the Arrangement;

- use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against the Company or any of its Subsidiaries challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated and use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to the Company or any of its Subsidiaries which may prevent, prohibit or materially adversely affect the ability of the Parties to complete and consummate the Arrangement or unduly delay such completion and consummation; and

- use commercially reasonable efforts to procure, or cause exactEarth to procure, prior to the Effective Date either: (i) a termination of the performance guarantee agreement dated October 7, 2014 between the Company and Her Majesty the Queen in right of Canada, together with a release of the obligations thereunder, in a form satisfactory to the Purchaser, acting reasonably; (ii) a performance bond in favour of the Company in respect of the obligations of exactEarth under the AIS Data Services agreement dated September 30, 2014 between exactEarth and Her Majesty the Queen in right of Canada, in an amount no less than the full contract amount thereunder, in a form satisfactory to the Purchaser, acting reasonably, provided that the cost of any such performance bond shall be for the account of the Purchaser; or (iii) such other resolution of the obligations of the Company under the performance guarantee agreement dated October 7, 2014 between the Company and Her Majesty the Queen in right of Canada as may be acceptable to the Purchaser, acting reasonably.

The Company agreed in the Arrangement Agreement to certain customary covenants relating to its conduct from the date of the Arrangement Agreement the earlier of the Effective Date and the time that the Arrangement Agreement is terminated in accordance with its terms, unless otherwise: (i) agreed to in writing by the Purchaser (such agreement to be subject to applicable Law and not be unreasonably withheld, conditioned or delayed); (ii) required or expressly permitted or specifically contemplated by the Arrangement Agreement or the Arrangement (including for greater certainty pursuant to Sections 5.4 and 5.5 of the Arrangement Agreement and any steps taken pursuant to Sections 5.3(a) and 5.5 of the Arrangement Agreement to obtain any required Regulatory Approvals); or (iii) as set forth in the Section 5.2 of the Disclosure Letter**:**

- the business of the Company and its Subsidiaries shall be conducted only in, and the Company and its Subsidiaries shall not take any action except in, the ordinary course of business and consistent with past practice, and the Company shall use all commercially reasonable efforts to maintain and preserve its and their business organization, assets, employees and advantageous business relationships;

- the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

    - amend the Company's constating documents or amend in any material respects the constating documents of any of its Subsidiaries; or

    - declare, set aside or pay any dividend or other distribution or payment in cash, Common Shares or property in respect of its Common Shares owned by any Person, except regular quarterly dividends to the Shareholders in the ordinary course consistent with past practice, subject to purchase price adjustments in accordance with the Arrangement Agreement; or

    - issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Common Shares or any shares of its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Common Shares or any shares of its Subsidiaries, other than the Common Shares issuable pursuant to the terms of the ESPP or outstanding Options, Share Awards and convertible securities; or

    - split, consolidate, redeem, purchase or otherwise acquire any of its outstanding Common Shares or other securities; or

    - amend the terms of any of its securities; or

    - adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of the Company or any of its Subsidiaries; or

    - enter into, modify or terminate any Contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above, other than, in each case, in relation to any internal transaction solely involving the Company and its wholly-owned Subsidiaries; or

    - sell, pledge, dispose of or encumber any assets (whether real, personal intangible or otherwise) of the Company or any of its Subsidiaries with a value individually or in the aggregate exceeding $750,000 excluding the sale of accounts receivable and inventory disposed of in the ordinary course of business; or

    - acquire (by merger, amalgamation, consolidation or acquisition of Common Shares or assets) any corporation, partnership or other business organization or division thereof or make any investment either by purchase of Common Shares or securities, contributions of capital (other than to wholly-owned Subsidiaries), or purchase of any real property whatsoever, or of any other property or assets (whether personal, intangible or otherwise) of any other Person with a value individually or in the aggregate exceeding $750,000; or

- make any changes in financial accounting methods, principles, policies or practices, except as required, in each case, by GAAP or by applicable Law; or

- enter into any agreements or other transactions with any officer or Director of the Company or any of its Subsidiaries, except in the ordinary course of business consistent with past practice or pursuant to existing arrangements, policies or agreements or as is necessary to comply with applicable Law or requirements of pre-existing plans; or

- incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances: except: (A) in the ordinary course of business consistent with past practice; (B) for refinancing existing debt on commercially reasonable terms given market conditions at the applicable time; or (C) in relation to internal transactions solely involving the Company and its wholly-owned Subsidiaries or solely among such Subsidiaries, other than, for greater certainty, exactEarth and/or any of its Subsidiaries; or

- pay, discharge, settle, satisfy, compromise, waive, assign or release any Claim, Losses, liability or obligation (including any regulatory investigation), other than the payment, discharge or satisfaction of liabilities incurred in the ordinary course of business consistent with past practice, or in an amount of not more than $1,000,000 in the aggregate in respect of each such liability and no more than $3,000,000 in the aggregate in respect of all such liabilities; or

- release or relinquish, or authorize or propose to do so, any contractual right which is material to the business of the Company; or

- enter into any new Contract or other document which is material to the business of the Company or any of its Subsidiaries or waive, release, grant or transfer any rights of value or modify or change any existing Contract or other document which is material to the business of the Company or any of its Subsidiaries, including the Material Contracts, other than in the ordinary course of business consistent with past practice; or

- acquire any interest in, lease or license any additional real property; or

- enter into or terminate any hedges, derivatives, swaps or other financial instruments or like transaction; or

- materially change the business or regulatory strategy of the Company or its Subsidiaries, including exactEarth and its Subsidiaries; or

- enter into any Contract with exactEarth or any of its Subsidiaries save and except as expressly contemplated under the Business Separation Agreement; or

- incur any Transaction Expenses other than those that may be reasonably required to consummate the transactions contemplated by the Arrangement Agreement, provided that no other brokerage, finder's or other similar fee or commission shall be paid or payable by the Company or any of its Subsidiaries to any Person prior to, on or after the Effective Date in connection with or resulting from the consummation and completion of the transactions contemplated under the Arrangement Agreement, including the Arrangement and Spinout Transaction, other than those set out in representations and warranties of the Company; or

- authorize or propose any of the foregoing, or enter into any contract, agreement, commitment or arrangement or modify any existing Contract to do any of the foregoing, other than, in each case, in relation to any internal transaction solely involving the Company and its wholly-owned Subsidiaries (including for greater certainty any joint venture, or partnership solely among the

Company and any of its wholly-owned Subsidiaries or solely among any such Subsidiaries or any trust settled solely for the benefit of any of the foregoing entities or any combination thereof, in each case, other than those with or involving exactEarth and/or any of its Subsidiaries);

- the Company shall not incur or commit to capital expenditures which when taken together with acquisitions made pursuant to the above covenant either individually or collectively exceeding $3,500,000 in the aggregate per calendar quarter;

- except in the ordinary course of business consistent with past practice or pursuant to existing employment, collective bargaining, pension, supplemental pension, termination or compensation arrangements, policies or agreements disclosed and made available to the Purchaser in the Data Room prior to the November 5, 2015, the Company shall not, and shall not permit any of its Subsidiaries to, grant to any executive officer or Director an increase in compensation in any form, grant to any other employee any increase in compensation in any form, make any loan to any officer or Director, or take any action with respect to the grant of any change of control, severance, retention or termination pay to, or the entering into of any employment agreement with, any executive officer or Director of the Company or any of its Subsidiaries, or with respect to any increase of benefits payable under its current change of control, severance or termination pay policies;

- neither the Company nor any of its Subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, retention, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of employees, except as is necessary to comply with applicable Law or requirements of pre-existing plans disclosed and made available to the Purchaser in the Data Room prior to November 5, 2015;

- the Company shall use its commercially reasonable efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or re-insurance) policies, including Directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate be material to the Company or any of its Subsidiaries, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

- the Company shall not: (i) change in any material respect any of its methods of reporting income or deductions for accounting or income tax purposes from those employed in the preparation of its income tax return for the taxation year ending October 31, 2014 except as may be required by applicable Law; or (ii) make or revoke any material election relating to Taxes, other than any election that has yet to be made in respect of any event or circumstance occurring prior to the date of the Arrangement Agreement (save and except in respect of any election relating to the Spinout Reorganization and Spinout Transaction which shall be subject to the Purchaser's prior approval. acting reasonably); or (iii) settle, compromise or agree to the entry of judgment with respect to any proceeding relating to Taxes except for any settlement, compromise or agreement that is not materially detrimental to the Company taking into account any reserves made in relation to such Taxes as reflected on the Company's financial statements as filed on SEDAR; or (iv) enter into any Tax sharing, Tax allocation or Tax indemnification agreement; or (v) make a request for a Tax ruling to any Governmental Entity; and

- the Company shall not agree, resolve or commit to do any of the foregoing.

provided that, such covenants shall not restrict in any way the Company from taking any action, either directly or indirectly, with respect to a sale or distribution of its interests in exactEarth, including those contemplated by the Spinout Transaction, unless to do so would or would reasonably be expected to result in, create or have a Core Business Material Adverse Change or create a liability or obligation in excess of $500,000 in the aggregate for

which the Purchaser, the Company or any of their respective Subsidiaries would reasonably be expected to be liable or responsible after the Effective Time.

Nothing in the Arrangement Agreement is intended to or shall result in the Purchaser exercising material influence over the operations of the Company, particularly in relation to operations in which the Parties compete or would compete, but for the Arrangement Agreement, with each other, prior to the Effective Date.

Mutual Covenants

Each of the Parties agreed in the Arrangement Agreement that:

- it shall use its commercially reasonable efforts to, and shall cause its Subsidiaries (and in the case of the Company, including exactEarth and its Subsidiaries) to use all commercially reasonable efforts to, satisfy (or cause the satisfaction of) the conditions set forth in the Arrangement Agreement to the extent the same are within its and/or their respective control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement, including using its commercially reasonable efforts to promptly: (i) obtain all necessary Consents and Approvals required under the provisions of the Arrangement Agreement to be obtained by it and its Subsidiaries (including, in the case of the Company, exactEarth, and its Subsidiaries) from parties to the Contracts (including the Government Contracts and Material Contracts); (ii) obtain all necessary Consents and Approvals as are required under the provisions of the Arrangement Agreement to be obtained by it and its Subsidiaries (including in the case of the Company, exactEarth and its Subsidiaries) under all Licenses and Permits and applicable Laws; (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Entities required under the provisions of the Arrangement Agreement to be effected by it and its Subsidiaries (including in the case of the Company, exactEarth and its Subsidiaries) in connection with the Spinout Transaction and Arrangement; (iv) fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Arrangement, including delivery of the certificates of their respective officers; and (v) co-operate with the other Party in connection with the performance by it and its Subsidiaries of their obligations hereunder;

- it shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement or the contemplated transactions;

- except for non-substantive communications with Securityholders, and subject to its public communications obligations under the Arrangement Agreement, it shall furnish promptly to the other Party or its counsel, a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Arrangement; (ii) any filings under applicable Laws in connection with the contemplated transactions; and (iii) any dealings with Governmental Entities in connection with the contemplated transactions;

- it shall use its commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained in the Arrangement Agreement shall be true and correct on and as of the Effective Date as if made thereon, provided that any representation and warranty not qualified by materiality shall be true and correct in all material respects; and

- it shall carry out the terms of the Interim Order and Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its Subsidiaries or affiliates with respect to the transactions contemplated hereby.

In addition to these covenants, the Parties made certain covenants including with respect to making efforts to effect the Spinout Reorganization, to effect the Spinout Transaction, and to obtain applicable regulatory consents.

Non-Solicitation Covenants

The Company agreed to certain non-solicitation covenants:

- the Company agreed to immediately cease and cause to be terminated all existing discussions and negotiations (including through any advisors or other Parties on its behalf), if any, with any Persons conducted before November 5, 2015 with respect to any Acquisition Proposal in respect of the Company and agreed to immediately request the return or destruction of all information respecting the Company provided to any third parties who have entered into a confidentiality agreement with the Company relating to an Acquisition Proposal in respect of the Company;

- the Company agreed to not, except as otherwise expressly provided in this covenant, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

    - solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal in respect of the Company; or

    - enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing; or

    - waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including any "standstill provisions" thereunder, or any other standstill arrangements; or

    - accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.

provided, however, that notwithstanding any other provision of the Arrangement Agreement, the Company and its Representatives may prior to the approval of the Arrangement Resolution at the Meeting:

- enter into or participate in any discussions or negotiations with a third party who, without any breach of this covenant by the Company or its Representatives, seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement in favour of the Company having confidentiality terms substantially similar to the confidentiality agreement entered into with Honeywell, may furnish to such third party information concerning the Company and its business, properties and assets if, and only to the extent that the third party has first made a written bona fide Acquisition Proposal which the Board determines in good faith could reasonably be expected to lead to a Superior Proposal. The Company may also contact any Person making an Acquisition Proposal and its Representatives to clarify the terms and conditions of such Acquisition Proposal and likelihood of consummation so as to determine whether such proposal is, or could reasonably be expected to lead to, a Superior Proposal;

- comply with OSC Rule 62-504 – Take-Over Bids and Issuer Bids and similar provisions under Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its Shareholders; and

- accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or agreement: (A) the Board concludes in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement as contemplated by this covenant and after receiving the advice of outside counsel that the failure to take such action would be inconsistent with its fiduciary duties under applicable Laws; (B) the Company complies with its obligations set forth in this covenant;

and (C) the Company terminates the Arrangement Agreement to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, and concurrently therewith pays the amount required under this covenant to the Purchaser;

- the Company shall forthwith provide notice to the Purchaser of any Acquisition Proposal or any proposal, inquiry or offer that could lead to an Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to it or any of its Subsidiaries in connection with such an Acquisition Proposal or for access to the properties, books or records of the Company or any of its Subsidiaries by any Person that informs the Company, any member of the Board, or any of the Company's Subsidiaries that it is considering making, or has made, an Acquisition Proposal. Such notice to the Purchaser shall be made, from time to time, at first forthwith orally and then promptly (and in any event within 24 hours) in writing and shall indicate the identity of the Person or Persons making the proposal, inquiry, offer or request (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto)) and if not previously provided to the Purchaser, make available copies of all information provided to the third party. The Company shall keep the Purchaser informed of the status and details of any such inquiry, offer or proposal and answer the Purchaser's reasonable questions with respect thereto;

- if the Company receives an Acquisition Proposal that it determines is a Superior Proposal, it shall give the Purchaser, orally and in writing, at least five (5) Business Days' advance notice of any decision by the Board to accept, recommend, approve or enter into an agreement to implement the Acquisition Proposal, which notice shall confirm that the Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Acquisition Proposal and shall provide a true and complete copy thereof and any amendments thereto. During such five (5) Business Day period, the Company agrees not to accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and not to release the Person making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five (5) Business Day period the Company shall, and shall cause its financial and legal advisors to, if requested by the Purchaser, negotiate in good faith with the Purchaser and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable the Company to proceed with the Arrangement as amended rather than the Acquisition Proposal. In the event the Purchaser proposes to amend the Arrangement Agreement and the Arrangement on a basis such that the Board determines that the Acquisition Proposal is no longer a Superior Proposal and so advises the Purchaser prior to the expiry of such five (5) Business Day period, the Board shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the Person making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In the event that the Company provides the notice contemplated by this covenant on a date which is fewer than five (5) Business Days prior to the Meeting, the Company shall be entitled to adjourn or postpone the Meeting to a date that is not more than ten (10) Business Days after the date of such notice;

- nothing contained in the Arrangement Agreement shall prohibit the Board from withdrawing, modifying, qualifying or changing its recommendation to the Shareholders in respect of the contemplated transactions prior to the approval of the Arrangement by such Shareholders, if the Board determines, in good faith (after consultation with its financial advisor(s) and after receiving advice of outside counsel), that the failure to make such withdrawal, modification, qualification or change would be inconsistent with its fiduciary duties under applicable Laws, provided that the foregoing shall not relieve the Company from its obligation to proceed to call and hold the Meeting (provided that, except as required under applicable Laws, the Company shall be relieved from its obligations to actively solicit proxies in favour of the Arrangement in such circumstances), except in circumstances where the Arrangement Agreement is terminated in accordance with its terms; and

- each Party shall ensure that its Representatives, its Subsidiaries and their Representatives are aware of the provisions of this covenant applicable to such Party. Each Party shall be responsible for any breach of the covenants of such Party's Representatives, its Subsidiaries or their Representatives.

TERMINATION OF THE ARRANGEMENT AGREEMENT

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- by mutual written consent of the Parties; or

- by either the Purchaser (on its own behalf and on behalf of the Parent) or the Company if the Arrangement Resolution shall have failed to receive the requisite vote at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

- by either the Purchaser (on its own behalf and on behalf of the Parent) or the Company if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations, warranties or covenants under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date; or

- by the Purchaser (on its own behalf and on behalf of the Parent) if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in the Arrangement Agreement shall have occurred that would cause certain of the conditions not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Purchaser and provided that the Purchaser is not then in breach of the Arrangement Agreement so as to cause certain conditions not to be satisfied; or by the Company if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in the Arrangement Agreement shall have occurred that would cause certain of the conditions not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Company and provided that the Company is not then in breach of the Arrangement Agreement so as to cause certain conditions not to be satisfied; or

- by the Purchaser (on its own behalf and on behalf of the Parent) (i) upon the occurrence of a Company Damages Event; or (ii) if the Company breaches any of its non-solicitation obligations or covenants in any material respect; or

- by the Company to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, provided that it: (i) has complied with its non-solicitation obligations; and (ii) concurrently pays the Termination Fee; or

- by (i) either the Company or the Purchaser (on its own behalf and on behalf of the Parent), if any Governmental Entity shall have enacted any Law or issued an order, decree or ruling permanently restraining or enjoining or otherwise prohibiting any of the contemplated transactions or resulting in a Divestiture Condition (unless such law, order, decree or ruling has been withdrawn, reversed or otherwise made inapplicable) which order, decree or ruling is final, non-appealable and not reviewable; or (ii) the Purchaser (on its own behalf and on behalf of the Parent), if any Governmental Entity shall have enacted any Law or issued an order, decree or ruling permanently restraining or enjoining or otherwise prohibiting any of the contemplated transactions or resulting in a Divestiture Condition (unless such law, order, decree or ruling has been withdrawn, reversed or otherwise made inapplicable) which order, decree or ruling is not final, is appealable or reviewable; or

- by the Purchaser (on its own behalf and on behalf of the Parent) if there has occurred a Core Business Material Adverse Change if such Core Business Material Adverse Change is incapable of being cured by the Outside Date.

Termination Fees

If at any time after the execution of the Arrangement Agreement:

(a) the Board or Special Committee recommends or approves an Acquisition Proposal or has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in the Arrangement Agreement (including, for greater certainty, in circumstances where the Board determines in good faith that the failure to make such withdrawal, modification, qualification or change would be inconsistent with its fiduciary duties under applicable Laws), in a manner adverse to the Purchaser or shall have resolved or publicly announced to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation or determination prior to the earlier of five (5) Business Days following such request by the Purchaser or 72 hours prior to the Meeting (unless the Purchaser is then in material breach of its obligations hereunder and such withdrawal, modification, qualification or change relates to such breach); or

(b) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Shareholders or any Person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal in respect of the Company (other than by the Purchaser or the Parent or any of their affiliates) and: (i) after such Acquisition Proposal shall have been made known, made or announced, the Shareholders do not approve the Arrangement or fail to vote upon the Arrangement Resolution; or (ii) the Arrangement Agreement is terminated by the Purchaser pursuant to the termination provisions, and in the case of either (i) or (ii) such Acquisition Proposal or an amended version thereof relating to the Company is consummated or effected, as applicable, within 12 months of the date the Acquisition Proposal is first publicly announced, proposed, offered or made; or

(c) the Company terminates the Arrangement Agreement to accept, recommend, approve or enter into an agreement to implement a Superior Proposal; or

(d) the Purchaser terminates the Arrangement Agreement if the Company breaches any of its non-solicitation obligations or covenants in any material respect;

(each of the above being a "**Company Damages Event**") then in the event of the termination of the Arrangement Agreement by the Company or the Purchaser pursuant to the termination provisions, Company shall pay to the Purchaser, or as the Purchaser may direct, the amount of $4 million (the "**Termination Fee**") as liquidated damages in immediately available funds to an account designated by the Purchaser, as follows:

(I) if the Termination Fee is payable pursuant to (b) above, the Termination Fee shall be payable upon the consummation of the Acquisition Proposal referred to therein;

(II) if the Termination Fee is payable pursuant to (a) or (d) above, the Termination Fee shall be payable within two Business Days following such termination; or

(III) if the Termination Fee is payable pursuant to (c) above, the Termination Fee shall be payable prior to or concurrently with such termination.

For greater certainty, only one Termination Fee shall be payable by the Company.

If at any time after November 5, 2015, the Arrangement Agreement is terminated by either party due to (i) the Effective Time not having occurred on or prior to the Outside Date, or (ii) any Governmental Entity having enacted any Law or issued an order, decree or ruling permanently restraining or enjoining or otherwise prohibiting any of the contemplated transactions or resulting in a Divestiture Condition, and, at the time of such termination, all of the mutual conditions and the Purchaser and Parent conditions to the obligations of the Parties have been satisfied or waived in writing (other than those conditions that, by their nature are to be satisfied at the Effective Date, which conditions would be capable of being satisfied if the Effective Date were the date of termination), other than the Regulatory Approvals condition, the Purchaser shall pay to the Company, or as the Company may direct, the amount of $4 million in the aggregate (the "**Break-Up Fee**") as liquidated damages in immediately available funds to an

account designated by the Company within two Business Days following such termination. Notwithstanding the foregoing, the Break-Up Fee shall not be payable if the failure to obtain Regulatory Approvals by the Outside Date is directly attributable, in whole or in part, to a failure by the Company, within a timeframe that would permit the Arrangement to be consummated prior to the Outside Date, either to respond to all requests for information (whether mandatory or voluntary) from any Governmental Entity or to certify to any Governmental Entity that the responses it has provided are materially complete and correct.

Fees and Expenses

Except as otherwise expressly provided in the Arrangement Agreement: (i) each Party shall pay all fees, costs and expenses incurred by such Party in connection with the Arrangement Agreement and the Arrangement; and (ii) the Purchaser shall be responsible for any filing fees and applicable Taxes payable for or in respect of any application, notification or other filing made in respect of any Regulatory Approval process in respect of the transactions contemplated by the Arrangement.

INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT

In considering the recommendation of the Board, Shareholders should be aware that members of the Board and the executive officers of the Company have interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Shareholders generally. These interests and benefits are described below.

All benefits received, or to be received, by Directors or executive officers of the Company as a result of the Arrangement are, and will be, solely in connection with their services as Directors or employees of the Company or the combined company. No benefit has been, or will be, conferred for the purpose of increasing the value of the Consideration and exactEarth Shares payable to any such Person for their Common Shares, nor is it, or will it be, conditional on the individual supporting the Arrangement.

COMMON SHARES

As of December 17, 2015, to the knowledge of the Company, the Directors and executive officers of the Company and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,793,265 Common Shares, representing approximately 3.6% of the outstanding Common Shares. All of the Directors have agreed with the Purchaser to vote their Common Shares in favour of the Arrangement Resolution.

All of the Common Shares held by such Directors and executive officers of the Company will be treated in the same fashion under the Arrangement as Shares held by any other Shareholder.

OPTIONS, SHARE AWARDS AND ESPP SHARES

As of December 17, 2015, to the knowledge of the Company, the Directors and executive officers of the Company and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 1,776,449 Options, 185,287 PSUs, 184,747 RSUs, 251,198 DSUs and Director Share Units and 4,689 ESPP Shares. All Options, Share Awards and ESPP Shares outstanding as at the Effective Time will be purchased by the Company for cancellation in accordance with the Plan of Arrangement. All of the Options, PSUs, RSUs, DSUs and ESPP Shares held by Directors and executive officers of the Company and their associates and affiliates will be treated in the same fashion under the Arrangement as the Options, PSUs, RSUs, DSUs and ESPP Shares held by other Securityholders.

DIRECTOR AND OFFICER INSURANCE

The Company and the Purchaser have agreed that for a period of six years after the Effective Date, the Company, or any surviving entity, shall be entitled to secure policies of directors' and officers' liability insurance providing coverage on a "trailing" or "run-off" basis for all present Directors and officers of the Company with respect to

claims made prior to or within six years after the Effective Date provided that the aggregate annual cost therefor shall not exceed 300% of the annual premium currently in effect.

RETENTION AGREEMENTS

Certain of the officers of the Company, being Michael Pley, Gary Calhoun, Paul Dyck, Rob Spurrett, John Stuart, Tony Stajcer, Mike Williams and Dan White have entered into retention agreements with the Company dated May 13, 2015, pursuant to which such persons are entitled to receive payment of a bonus following completion of a change of control transaction. The amount payable under each retention agreement is dependent on the aggregate transaction value and is payable regardless of whether employment is terminated following completion of the change of control transaction. Based on the value of the Consideration and exactEarth Shares under the Arrangement (including the value ascribed to the exactEarth Shares), officers of the Company will be entitled to receive, in the aggregate, $1.54 million following completion of the Arrangement.

CHANGE OF CONTROL TRANSACTION

In connection with the Arrangement, following Effective Date, certain officers of the Company, being Michael Pley, Gary Calhoun, Paul Dyck, Rob Spurrett, John Stuart, Tony Stajcer, Mike Williams and Dan White as well as three other senior employees may become entitled to receive payments should their employment with the Company be terminated following completion of the Arrangement, which constitutes a change of control transaction for purposes of their existing employment arrangements with the Company. In the event of their employment being terminated, those 11 persons will be entitled to receive certain severance payments in connection with the termination of their employment, up to a maximum of approximately $8.4 million in the aggregate. The full particulars of the change of control payments payable to the Company's "named executive officers" for the fiscal year ended October 31, 2014 are disclosed in the Company's Management Information Circular for the Annual and Special Meeting held on April 22, 2015.

REGULATORY APPROVALS

COMPETITION ACT APPROVAL

Part IX of the Competition Act requires that the parties to certain types of transactions that exceed the applicable thresholds set out in sections 109 and 110 of the Competition Act (a "**notifiable transaction**") provide the Commissioner of Competition (the "**Commissioner**") with pre-closing notification of the transaction consisting of prescribed information.

Subject to certain limited exceptions, the parties to a notifiable transaction cannot complete the transaction until the applicable waiting period set out in the Competition Act has expired or been terminated or an appropriate waiver has been provided by the Commissioner. The waiting period is 30 days after the day on which the parties to the notifiable transaction have submitted their respective notifications. Absent any agreement between the parties and the Commissioner to the contrary, the parties are entitled to complete their notifiable transaction at the end of the 30-day period, unless the Commissioner notifies the parties, pursuant to subsection 114(2) of the Competition Act, that the Commissioner requires additional information that is relevant to the Commissioner's assessment of the notifiable transaction (a "**supplementary information request**"). In the event that the Commissioner issues a supplementary information request, the notifiable transaction cannot be completed until 30 days after compliance with such supplementary information request, provided that there is no order issued by the Competition Tribunal in effect prohibiting completion at the relevant time. The Commissioner's substantive assessment of a notifiable transaction may extend beyond the statutory waiting period.

In addition or as an alternative to filing notifications containing the prescribed information, a party to a notifiable transaction may comply with Part IX of the Competition Act by applying to the Commissioner for: (i) an advance ruling certificate issued by the Commissioner pursuant to section 102 of the Competition Act; or (ii) a no-action letter (together with a waiver of the notification requirement if necessary).

The transactions contemplated by the Arrangement Agreement constitute a notifiable transaction under the Competition Act, and as such, the Parties must comply with the merger notification provisions of Part IX of the Competition Act.

It is a condition to completion of the Arrangement that the Competition Act Approval shall have been obtained. Competition Act Approval will be obtained if one or more of the following shall have occurred: (i) the relevant waiting period in section 123 of the Competition Act shall have expired, been waived or been terminated; or (ii) the Commissioner shall have issued a letter to the Parties indicating that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement contemplated by the Arrangement Agreement (a "**no-action letter**"); or (iii) the Commissioner shall have issued an advance ruling certificate issued under section 102 of the Competition Act in respect of the Arrangement.

On December 10, 2015, the Parties filed their respective pre-merger notification filings under the Competition Act and submitted an application to the Commissioner to request the issuance of an advance ruling certificate pursuant to section 102 of the Competition Act**.**

INVESTMENT CANADA ACT APPROVAL

Subject to certain limited exceptions, the direct acquisition of control of a Canadian business by a non-Canadian that exceeds the applicable financial threshold prescribed in Part IV of the Investment Canada Act (a "**reviewable transaction**") is subject to review by the responsible Minister under the Investment Canada Act and cannot be consummated unless the responsible Minister is satisfied that the acquisition is likely to be of net benefit to Canada. In case the of a reviewable transaction, the submission of an application for review to the applicable Minister triggers an initial review period of up to 45 days. If the Minister has not completed the review by that date, the Minister may unilaterally extend the review period for up to a further 30 days. The Minister and the non-Canadian investor may agree to further extensions of the review period. Where an acquisition of control of a Canadian business by a non-Canadian does not constitute a reviewable transaction, the non-Canadian investor must submit a notification to acquire control of an existing Canadian business with the Minister designated under the Investment Canada Act not later than 30 days following closing.

The threshold for pre-closing review and approval under the Investment Canada Act in the case of an acquisition by a non-Canadian WTO investor of a Canadian-incorporated publicly-traded entity that does not carry on a cultural business in Canada is currently $600 million or more in enterprise value of the Canadian business being acquired, based on the entity's market capitalization, plus its total liabilities excluding its operating liabilities, minus its cash and cash equivalents. Market capitalization is calculated by using the average daily closing price of the target's quoted equity securities on the entity's principal market (i.e., where the greatest volume of trading occurred during the trading period) over the most recent 20 days of trading ending before the first day of the month that immediately precedes the month in which the application for review or notification is filed. Total liabilities, excluding operating liabilities, cash and cash equivalents are determined based on the most recent quarterly financial statements.

The Investment Canada Act also provides for a broad right of review in the case of transactions that potentially raise national security concerns. Where the Minister of Industry has reasonable grounds to believe that an investment by a non-Canadian could be injurious to national security, the Minister may notify the non-Canadian investor that the investment may be reviewed. Such notice must be provided within 45 days of the Minister being formally notified of the transaction by the non-Canadian investor. Where the Minister notifies the investor in such a manner, the Minister must then, within a further 45 days, provide notice to the investor indicating whether an order for a review of the investment has been made. Where a review has been ordered, the Minister must, within 45 days of so notifying the investor, either issue a notice to the investor indicating that no further action will be taken or submit a report to the Governor in Council (GIC) stating whether the Minister is satisfied that, or is unable to determine whether, the investment would be injurious to national security. However, if the Minister is unable to make a decision within the 45 day period, the Minister may extend the 45 day period by an additional 45 days, with further possible extension with the agreement of the non-Canadian investor. Where the Minister submits a report to the GIC, the GIC may then order any measure it considers advisable to protect national security. This includes directing the non-Canadian investor not to implement the investment or imposing conditions or terms relating to the investment. The time period within which the GIC must make such an order is 20 days from the date on which the Minister submitted its report to the GIC.

It is a condition to completion of the Arrangement that the Investment Canada Act Approval shall have been obtained, which means confirmation that the Arrangement is not subject to review and approval under the Investment Canada Act or the receipt of approval under the Investment Canada Act in the event such approval is required. Investment Canada Act Approval will be satisfied by: (A) the receipt by the Purchaser of (i) a notice from the Director appointed under the Investment Canada Act delivered pursuant to subsection 13(1)(b) of the Investment Canada Act indicating that the transactions contemplated by the Arrangement Agreement are not reviewable under the Investment Canada Act, or (ii) to the extent that the transactions contemplated by the Arrangement Agreement are reviewable pursuant to Part IV of the Investment Canada Act, a statement or deemed statement from the responsible Minister under the Investment Canada Act that the transaction is likely to be of net benefit to Canada; and (B) to the extent that an order for review of the investment is made under subsection 25.3(1) of the Investment Canada Act, (i) the receipt by the Purchaser of a notice from the Minister designated under the Investment Canada Act indicating that no further action will be taken with respect to the transactions contemplated by the Arrangement Agreement pursuant to subsection 25.3(6)(b) of the Investment Canada Act, or (ii) the receipt by the Purchaser of an order from the Governor in Council authorizing the transaction contemplated in the Arrangement Agreement pursuant to subsection 25.4(1)(b) of the Investment Canada Act.

On November 16, 2015, the Purchaser filed a Notification To Acquire Control of an Existing Canadian Business with the Minster designated under the Investment Canada Act on the basis that the Arrangement is not a reviewable transaction. By way of letter dated November 19, 2015, the Investment Review Division of Industry Canada certified that, pursuant to s. 13(1) of the Investment Canada Act, a complete notice of the transaction had been received and that the transaction was not reviewable under Part IV of the Investment Canada Act.

HSR APPROVAL

Under the HSR Act, certain transactions, including the Arrangement, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the FTC and the DOJ. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties' filings of their respective HSR Act notification forms or the termination of that waiting period. If the FTC or DOJ issues a Request for Additional Information and Documentary Material prior to the expiration of the initial waiting period, the parties must observe a second 30-calendar-day waiting period, which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier or unless the agencies take action to challenge the transaction prior to the expiration of such waiting period.

The Parties filed pre-merger notification and report forms pursuant to the HSR Act with the FTC and the DOJ on December 4, 2015.

INDUSTRY CANADA CONSENT

exactEarth is a leading provider of global maritime vessel data. Its services are enabled by a global satellite network of non-geostationary satellites which receive AIS data using VHF equipment and frequencies. To operate its satellite-based AIS network, exactEarth holds the certain authorizations/licences issued by the (then) Minister of Industry, including

1. Approval in Principle for ADS Satellite Network (2011)

2. Space Station Radio Licence No. 5124222

3. Radio Licences (Nos. 5158367, 5153861, 5138579, 5138580, 5141124)

4. Spectrum Licence (File No. 3150-1, 544188 CP, dated April 1, 2015)

5. Approval in Principle to operate EV9 satellite (IC File: 3150-1 (581688 CP) dated August 13, 2015)

6. Amended Approval in Principle for ADS Satellite Network (IC File: 3150-1 (606304 CP) dated October 22, 2015)

7. Space Station Radio Licence for EV9 (Licence no. 5179668)

8. Spectrum Licence for EV9 (IC File. 3150-1 (596092 CP) dated November 18, 2015)

The Spectrum Licence in item 4 above, the approvals in principle referenced in items 5 and 6, and the Spectrum Licence in item 8 above each contain a condition that a change in the licence that may have a material effect on the ownership or control in fact of exactEarth requires the authorization of the Minister of Innovation, Science and Economic Development (previously the Minister of Industry). The Spinout Transaction constitutes a transaction that would have a material effect on ownership or control of exactEarth. exactEarth obtained the requisite authorization on December 18, 2015.

On November 16, 2015, exactEarth filed an application with the Minister of Innovation, Science and Economic Development seeking the Minister's consent to the Spinout Transaction (being the Key Consents and Approvals required as a mutual condition of the completion of the Arrangement). An amended application was filed with the Minister on November 20, 2015.

OTHER APPROVALS

The Arrangement Agreement does not contemplate or require any other any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency other than those noted above. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, the Company currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date.

SECURITIES LAW MATTERS

CANADIAN SECURITIES LAW MATTERS

The following is a brief summary of the Canadian Securities Laws considerations applicable to the Arrangement and the transactions contemplated therein.

Each Shareholder is urged to consult such Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in exactEarth Shares to be distributed pursuant to the Spinout Transaction.

The distribution of the exactEarth Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is not subject to the registration requirements under applicable securities legislation in reliance on the exemptions found in section 2.11(a) of National Instrument 45-106 – Prospectus Exemptions. On completion of the Spinout Transaction, exactEarth will be deemed under Canadian Securities Laws to have been a reporting issuer in each jurisdiction in which the Company is a reporting issuer for at least four months prior to the Effective Date. The exactEarth Shares received pursuant to the Arrangement will not be legended and may be resold in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for the exactEarth Shares, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of exactEarth, the selling security holder has no reasonable grounds to believe that exactEarth is in default of applicable Canadian Securities Laws.

Each Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in exactEarth Shares.

Upon completion of the Arrangement, exactEarth expects that it will become a reporting issuer in each of the provinces of Canada. It is not a condition of the Arrangement that a stock exchange shall have approved the listing of the exactEarth Shares. The TSX has conditionally approved the listing of the exactEarth Shares subject to exactEarth fulfilling certain standard conditions. See section of the Circular entitled "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

Upon completion of the Arrangement, the Company will be an indirect wholly-owned subsidiary of Honeywell and will make an application to cease to be a reporting issuer. exactEarth will be deemed be a reporting issuer in each jurisdiction in Canada as a result of paragraph (e) of the definition of "reporting issuer" in the *Securities Act* (Ontario) and comparable definitions in the applicable statute in each other province and territory by virtue of the completion of the Arrangement.

Multilateral Instrument 61-101

As a reporting issuer or the equivalent in each of the provinces of Canada, the Company is, among other things, subject to the Canadian Securities Laws, including MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among shareholders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of shareholders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer (as defined in MI 61-101 and including directors, executive officers and shareholders holding over 10% of issued and outstanding shares of the issuer) is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

MI 61-101 excludes from the meaning of "collateral benefit" a payment per security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, as well as certain benefits to a related party received solely in connection with the related party's services as an employee or director of an issuer, of an affiliated entity of such issuer or of a successor to the business of such issuer where: (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) either (i) the related party and his or her associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer, or (ii) the related party discloses to an independent committee of the issuer the amount of consideration that he or she expects to be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities he or she beneficially owns and the independent committee acting in good faith determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party will receive pursuant to the terms of the transaction for the equity securities it beneficially owns, and the independent committee's determination is disclosed in the disclosure document for the transaction.

The Directors and officers of the Company may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of other Shareholders, the details of which are described above under the heading "Interests of Certain Persons in the Arrangement". The Special Committee is aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Shareholders.

In considering the interests of the Directors and officers noted above, the Special Committee considered that the benefits were not conferred for the purpose of increasing the value of the Consideration paid to the Directors and officers for their Securities and that the benefits were not conditional on the Directors and officers supporting the Arrangement. The Special Committee concluded that the benefits payable do not constitute a "collateral benefit" for a related party, since: (i) in the case of each of the Directors and officers of the Company other than Mr. Christopher

O'Donovan, such Persons hold less than 1% of the outstanding Securities of each class of equity securities of the Company, and (ii) in the case of Mr. O'Donovan, who holds more than 1% of the outstanding Common Shares, the Special Committee considered that the value of the benefit is less than 5% of the value of the Consideration Mr. O'Donovan will receive pursuant to the terms of Arrangement. Accordingly, no "related party" of the Company will receive a "collateral benefit" under the Arrangement and, as a result, the Arrangement does not constitute a "business combination" for purposes of MI 61-101.

U.S. SECURITIES LAW MATTERS

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Shareholders. All Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of exactEarth Shares to be received in exchange for their Common Shares pursuant to the Arrangement complies with applicable securities legislation. Further information applicable to U.S. Shareholders is disclosed under the heading "Notice to U.S. Shareholders".

Exemption from the Registration Requirements of the U.S. Securities Act

The exactEarth Shares and New Common Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or applicable state securities laws, and are being issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States in which Shareholders reside. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the exactEarth Shares and New Common Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement. The Purchaser will acquire the New Common Shares from Shareholders.

Resales of exactEarth Shares After the Effective Date

The manner in which a Shareholder may resell exactEarth Shares issued to such Shareholder at the Effective Time will depend on whether such Shareholder is an "affiliate" of exactEarth after the Effective Date or was an affiliate of exactEarth within three months prior to the Effective Date. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. Typically, persons who are executive officers, directors or principal shareholders of an issuer are considered to be its "affiliates". The United States federal resale rules applicable to Shareholders are summarized below.

Non-affiliates Before and After the Effective Time

Shareholders who are not affiliates of exactEarth within three months before the Effective Date and who will not be affiliates of exactEarth after the Effective Date may resell the exactEarth Shares issued to them at the Effective Time without restriction under the 1933 Act.

Resales by "affiliates" Pursuant to Rule 144

In general, pursuant to Rule 144, Persons who are "affiliates" of exactEarth after the Effective Date, or were "affiliates" of exactEarth within three months prior to the Effective Date, will be entitled to sell those exactEarth Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of 1% of the then-outstanding exactEarth Shares or, if exactEarth Shares are then listed on a U.S. securities exchange and/or reported through the automated quotation system of a

U.S. registered securities association, the average weekly trading volume of exactEarth Shares during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements and the availability of current public information about exactEarth.

Resales by "affiliates" Pursuant to Regulation S

In general, pursuant to Regulation S under the U.S. Securities Act, persons who are "affiliates" of exactEarth after the Effective Date, or were affiliates of exactEarth within three months prior to the Effective Date, solely by virtue of their status as an officer or director of exactEarth may sell their exactEarth Shares outside the United States in an "offshore transaction" if none of the seller, an affiliate or any person acting on their behalf engages in "directed selling efforts" in the United States with respect to such exactEarth Shares and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Also, for purposes of Regulation S, an offer or sale of securities is made in an "offshore transaction" if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a "designated offshore securities market" (which would include a sale through the TSX), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions set forth in Rule 903 of Regulation S are applicable to sales outside the United States by a holder of exactEarth Shares who is an "affiliate" of exactEarth after the Effective Date, or was an "affiliate" of exactEarth within three months prior to the Effective Date, other than by virtue of his or her status as an officer or director of exactEarth.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of exactEarth Shares issuable pursuant to the Arrangement. All holders of exactEarth Shares are urged to consult with counsel to ensure that the resale of their exactEarth Shares complies with applicable securities legislation.

NONE OF THE EXACTEARTH SHARES OR NEW COMMON SHARES TO WHICH SHAREHOLDERS WILL BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes as at the date hereof the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to a beneficial owner of Common Shares who, at all relevant times, for purposes of the Tax Act (i) holds their Common Shares, and their exactEarth Shares, as capital property, (ii) deals at arm's length with Honeywell, the Company and exactEarth, and (iii) is not affiliated with Honeywell, the Company or exactEarth (a "**Holder**").

The Common Shares and exactEarth Shares will generally be considered to be capital property to a holder thereof, unless the shares are held in the course of carrying on a business of trading or dealing in securities or were acquired in a transaction considered to be an adventure or concern in the nature of trade. Certain shareholders who are resident in Canada and who might not otherwise be considered to hold such shares as capital property may be entitled, in certain circumstances, to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such shares and all other "Canadian securities" as defined in the Tax Act owned by such shareholder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any Shareholder contemplating making such an election should consult their own tax advisor for advice as to whether the election is available or advisable in their own particular circumstances.

This summary is not applicable to a shareholder (i) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules, (ii) that is a "specified financial institution" (as defined in the Tax Act), (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act) or (iv) who has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency. All such shareholders should consult their own tax advisors having regard to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act and the Regulations thereunder and the Company's understanding of the current administrative practices and assessing policies of the CRA published in writing by the CRA prior to the date hereof. This summary also takes into account all specified proposals to amend the Tax Act and the Regulations (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. However, there can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, or the administrative practices and assessing policies of the CRA, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed below.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors for advice as to the income tax consequences to them on the Arrangement in their particular circumstances.

SHAREHOLDERS RESIDENT IN CANADA

The following portion of the summary is applicable to a Holder who is, or is deemed to be, at all relevant times resident in Canada for purposes of the Tax Act (a "**Resident Shareholder**").

Exchange of Common Shares for New Common Shares and exactEarth Shares

If, at the time the Common Shares are exchanged for New Common Shares and exactEarth Shares under the Arrangement, the fair market value of all exactEarth Shares transferred to Shareholders on such exchange were to exceed the paid-up capital of all exchanged Common Shares immediately before the exchange, the Company would be deemed to have paid a dividend on the exchanged Common Shares equal to the amount of such excess, and each Resident Shareholder would be deemed to have received a pro rata portion of such dividend, based on the proportion of Common Shares held by such Resident Shareholder immediately before the exchange. The Company has informed counsel, based upon information available at the date hereof, that it currently expects the fair market value of all exactEarth Shares at the time of such exchange to be lower than the aggregate paid-up capital of all exchanged Common Shares immediately before such exchange. However, no assurance can be provided that a deemed dividend will not arise and any determination of fair market value will need to reflect all the facts and circumstances, including circumstances that may occur subsequent to the date hereof.

Assuming that the fair market value, at the time of the exchange, of the exactEarth Shares distributed to Shareholders under the Arrangement does not exceed the aggregate paid-up capital of all exchanged Common Shares immediately before the exchange, a Resident Shareholder whose Common Shares are exchanged for New Common Shares and exactEarth Shares will be considered to have disposed of its Common Shares for proceeds of disposition equal to the greater of the adjusted cost base to the Resident Shareholder of its Common Shares immediately before the exchange and the fair market value at the time of the exchange of the exactEarth Shares received by such Shareholder. Consequently, the Resident Shareholder will realize a capital gain on the exchange only if, and to the extent that, the fair market value of the exactEarth Shares received by such Resident Shareholder on the exchange exceeds the adjusted cost base of such Resident Shareholder's Common Shares. If the fair market value of the exactEarth Shares distributed to Shareholders under the Arrangement at the time of the exchange were to exceed the aggregate paid-up capital of all exchanged Common Shares immediately before the exchange, the proceeds of disposition of a Resident Shareholder's Common Shares would generally be reduced by the amount of the deemed dividend that such Resident Shareholder would be deemed to have received, as described in the immediately preceding paragraph. In some circumstances, any such dividend deemed to be received by a Resident

Shareholder that is a corporation may be deemed by subsection 55(2) of the Tax Act to instead be proceeds of disposition for the Common Shares. See "*Taxation of Capital Gains and Capital Losses*".

The aggregate cost to a Resident Shareholder of New Common Shares acquired on the exchange will be equal to the amount, if any, by which the adjusted cost base to the Resident Shareholder of such Resident Shareholder's Common Shares immediately before the exchange exceeds the fair market value at the time of the exchange of the exactEarth Shares acquired by such Resident Shareholder on the exchange. The cost to a Resident Shareholder of exactEarth Shares acquired on the exchange will be equal to the fair market value of the exactEarth Shares at the time of the exchange.

Disposition of New Common Shares for the Consideration

A Resident Shareholder that transfers New Common Shares under the Arrangement to the Purchaser for the Consideration including any portion of the Contingent Payment Received, will be considered to have disposed of such New Common Shares for proceeds of disposition equal to the amount of the aggregate Consideration, including any portion of the Contingent Payment Amount received. As a result, such Resident Shareholder will generally realize a capital gain (or a capital loss) to the extent that such Resident Shareholder's proceeds of disposition net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of his or her New Common Shares. See "Taxation of Capital Gains and Capital Losses".

Dividends on exactEarth Shares

In the case of a Resident Shareholder who is an individual, dividends received or deemed to be received on exactEarth Shares will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends that are designated as "eligible dividends".

In the case of a Resident Shareholder that is a corporation, dividends received or deemed to be received on exactEarth Shares will be included in computing the corporation's income and will generally be deductible in computing its taxable income. A "private corporation" (as defined in the Tax Act) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 33⅓% on dividends received or deemed to be received on such shares to the extent that such dividends are deductible in computing the corporation's taxable income.

Disposition of exactEarth Shares

Generally, a Resident Shareholder who disposes or is deemed to dispose of exactEarth Shares will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Shareholder of those shares immediately before the disposition. See "Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Shareholder in a taxation year will be included in the Resident Shareholder's income for the year. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Shareholder in a taxation year must generally be deducted against taxable capital gains realized in that taxation year, to the extent and in the circumstances specified in the Tax Act. Any excess of allowable capital losses over taxable capital gains realized in a particular taxation year may be carried back up to three taxation years and carried forward indefinitely and deducted against net taxable capital gains realized in those other years, to the extent and in the circumstances specified in the Tax Act.

If the Resident Shareholder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of a New Common Share or an exactEarth Share may be reduced by the amount of dividends received or

deemed to be received by the corporation on the share, to the extent and under circumstances specified by the Tax Act. Similar rules may apply where a New Common Share or an exactEarth Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of net taxable capital gains.

Dissenting Shareholders

A Resident Shareholder who validly exercises Dissent Rights will participate in the exchange of their Common Shares for New Common Shares and exactEarth Shares – see "*Exchange of Common Shares for New Common Shares and exactEarth Shares*". A Resident Shareholder who, as a result of the exercise of Dissent Rights, is deemed to have disposed of New Common Shares to the Purchaser in consideration for a cash payment from the Purchaser, will be considered to have disposed of the New Common Shares for proceeds of disposition equal to the cash payment (other than any portion of the payment that is interest awarded by the court). Such Dissenting Shareholder will realize a capital gain (or capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to such Dissenting Shareholder of the New Common Shares immediately before the disposition. See "Taxation of Capital Gains and Capital Losses". Interest awarded by a court to a Resident Shareholder who is a Dissenting Shareholder will be included in such shareholder's income for purposes of the Tax Act.

SHAREHOLDERS NOT RESIDENT IN CANADA

The following portion of the summary is applicable to a Holder who (i) is not, nor deemed to be, resident in Canada for purposes of the Tax Act, and (ii) does not and will not use or hold Common Shares, New Common Shares, or exactEarth Shares in connection with a business carried on or deemed to be carried on in Canada (a "**Non-Resident Shareholder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer carrying on business in Canada and elsewhere.

Receipt of exactEarth Shares

The discussion above, under "Shareholders Resident in Canada – Exchange of Common Shares for New Common Shares and exactEarth Shares", of the deemed dividend potentially resulting from the distribution of exactEarth Shares also applies to a Non-Resident Shareholder. In the event that the Company was deemed to have paid a dividend, the portion of the dividend deemed to have been paid to a Non-Resident Shareholder would be subject to withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, subject to reduction under an applicable income tax convention or treaty.

Disposition of Common Shares, New Common Shares and exactEarth Shares

A Non-Resident Shareholder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Common Shares for New Common Shares and exactEarth Shares, or on the disposition of New Common Shares for the Consideration and any Contingent Payment, provided that (i) the relevant shares disposed of are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the applicable exchange or disposition, or (ii) the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty.

Similarly, any capital gain realized by a Non-Resident Shareholder on the disposition or deemed disposition of exactEarth Shares acquired pursuant to the Arrangement will not be subject to tax under the Tax Act provided that (i) the shares disposed of are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the disposition, or (ii) the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty.

Generally, a share of a corporation owned by a Non-Resident Shareholder will not be taxable Canadian property of the Non-Resident Shareholder at a particular time provided that either: (i) the particular share is listed on a designated stock exchange (which currently includes the TSX) at that time and at no time during the 60-month period that ends at that time did the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm's length, or such holder together with such persons, own 25 per cent or more of the issued shares of any class or series of the particular corporation, or (ii) at no time during such 60-month period did the particular share derive more than 50 per cent of its value directly or indirectly from any combination of: (a) real or immoveable property situated in Canada, (b) "timber resource property" (within the meaning of the Tax Act), (c) "Canadian resource property" (within the meaning of the Tax Act), or (d) options in respect of, or interests in, or for civil law rights in, any of the foregoing, whether or not the property exists. However, a share owned by a Non-Resident Shareholder may be deemed to be taxable Canadian property of the Non-Resident Shareholder under certain circumstances.

Non-Resident Shareholders to whom the Common Shares, the New Common Shares or the exactEarth Shares will constitute taxable Canadian property should consult their own tax advisors.

Dividends on Common Shares and exactEarth Shares

Dividends paid, deemed to be paid, or credited on Common Shares or exactEarth Shares to a Non-Resident Shareholder will be subject to withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividend, unless such rate is reduced by an applicable income tax convention or treaty.

Dissenting Shareholders

A Non-Resident Shareholder who validly exercises Dissent Rights will participate in the exchange of their Common Shares for New Common Shares and exactEarth Shares. A Non-Resident Shareholder who, as a result of the exercise of Dissent Rights, disposed or is deemed to have disposed of New Common Shares to the Purchaser in consideration for a cash payment from Honeywell, will generally be considered to realize a capital gain or capital loss as discussed above under "Shareholders Resident in Canada – Dissenting Shareholders" if such New Common Shares are taxable Canadian property to the Non-Resident Shareholder. The same general considerations apply as discussed above under "Shareholders Not Resident in Canada – Disposition of Common Shares, New Common Shares and exactEarth Shares" in determining whether such a capital gain will be subject to tax under the Tax Act. Any interest awarded to the Non-Resident Shareholder by the Court will not generally be subject to withholding tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

The New Common Shares will, while held by a Shareholder pursuant to the Arrangement, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings account ("**TFSAs**") (collectively, the "**Registered Plans**").

The exactEarth Shares will be qualified investments under the Tax Act for Registered Plans at a particular time, provided that, at that time, the exactEarth Shares are listed on a designated stock exchange at that time or exactEarth is a "public corporation" as defined in the Tax Act.

Notwithstanding that New Common Shares and exactEarth Shares may be qualified investments for Registered Plans, such shares will be "prohibited investments" for purposes of the Tax Act for a trust governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, does not deal at arm's length with COM DEV or exactEarth, as applicable, for purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Company or exactEarth, as applicable.

DISSENT RIGHTS

Registered Shareholders who wish to dissent should note that strict compliance with the provisions of section 190 of the CBCA as amended by the Interim Order is required.

The following description of the Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Dissent Shares and is qualified in its entirety by the reference to the full text of section 190 of the CBCA, which is attached to this Circular as **Appendix "F"**, as modified by the Interim Order, which is attached to this Circular as **Appendix "D"** and the Plan of Arrangement which is attached to this Circular as **Appendix "B"**. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. Failure to comply strictly with the provisions of section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered Shareholder may exercise Dissent Rights under section 190 of the CBCA as modified by Article 4 of the Plan of Arrangement or the Interim Order. Shareholders who duly exercise such Dissent Rights and who:

(a) are ultimately entitled to be paid fair value for their Dissent Shares will be deemed to have irrevocably transferred such Dissent Shares to the Purchaser pursuant to the Plan of Arrangement in consideration for a debt claim against the Purchaser in an amount equal to such fair value; and

(b) are ultimately not entitled, for any reason, to be paid fair value for the New Common Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Shareholder that has not exercised Dissent Rights, as at and from the time specified in the Plan of Arrangement for the Consideration and exactEarth Shares set forth therein.

As Shareholders currently have an indirect interest in exactEarth through their ownership of Common Shares, Registered Shareholders will not have an opportunity to exercise Dissent Rights with respect to the exactEarth Shares that they receive in exchange for their Common Shares pursuant to the Arrangement.

In no event will Honeywell, the Company, exactEarth or any other person be required to recognize holders of Common Shares who are ultimately determined to be entitled to be paid the fair value of their Dissent Shares, as contemplated above, as Shareholders at and after the Effective Time, and the names of such holders will be deleted from the Company's register of holders of shares as at the Effective Time.

A Non-Registered Holder who wishes to dissent with respect to its Dissent Shares should be aware that only Registered Shareholders are entitled to exercise Dissent Rights. A Registered Shareholder such as an Intermediary who holds Common Shares as nominee for Non-Registered Holders, some of whom wish to dissent, will exercise Dissent Rights on behalf of such Non-Registered Holders with respect to the Dissent Shares held for such Non-Registered Holders. In such case, the Dissent Notice should set forth the number of Dissent Shares it covers.

A Registered Shareholder who wishes to dissent will send a written Dissent Notice in the form required by section 190 of the CBCA objecting to the Arrangement Resolution to the Company at 155 Sheldon Drive, Cambridge, Ontario, N1R 7H6, Attention: Gary Calhoun, which must be received by the Company at or before 5:00 p.m. (Toronto time) on January 19, 2016, or two Business Days prior to any adjournment or postponement of the Meeting. The Dissent Notice must set out the number of Common Shares held by the Dissenting Shareholder

The delivery of a Dissent Notice does not deprive such Dissenting Shareholder of its right to vote at the Meeting; however, a vote in favour of the Arrangement Resolution may result in a loss of the right to dissent. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Dissent Notice. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Dissent Notice in respect of the Arrangement Resolution, but any such proxy granted by a Shareholder who intends to dissent should be validly revoked in order to prevent the proxy holder from voting such Common Shares in favour of the Arrangement Resolution. A vote in favour of the Arrangement Resolution, whether in person or by proxy, may constitute a loss of a Shareholder's right to dissent. However, a Shareholder may vote as a proxy holder for another Shareholder whose proxy requires an affirmative vote, without affecting the right of the proxy holder to exercise Dissent Rights in respect of the proxy holder's Dissent Shares.

If the Arrangement Resolution is passed at the Meeting, the Company must then, within ten days after the Shareholders adopt the Arrangement Resolution, deliver to each Dissenting Shareholder (other than Shareholders who vote in favour of the Arrangement Resolution or withdraw their Dissent Notice), a notice stating that the Arrangement Resolution has been adopted and, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, the Company intends to complete the Arrangement, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with the exercise of its Dissent Rights, it must deliver to the Company, within twenty days of the receipt of the notice of adoption from the Company, a demand for payment of fair value for its Dissent Shares containing the information specified in section 190(7) of the CBCA. Not later than the 30th day after sending the demand for payment of fair value for its Dissent Shares, the Dissenting Shareholder must send the certificates representing its Common Shares to the Company or the Depositary.

If the Arrangement Resolution is passed at the Meeting or at an adjournment or postponement thereof, the Company is required to deliver to each Dissenting Shareholder, within 10 days after the approval of the Arrangement Resolution, a notice stating that the Arrangement Resolution has been adopted (the "**Notice of Resolution**"). A Notice of Resolution is not required to be sent to any Dissenting Shareholder who voted in favour of the Arrangement Resolution or who has withdrawn their Dissent Notice. A Dissenting Shareholder then has 20 days after receipt of the Notice of Resolution or, if the Dissenting Shareholder does not receive a Notice of Resolution, within 20 days after learning that the Arrangement Resolution has been adopted, to send to the Company a written notice (a "**Demand Notice**") containing the Dissenting Shareholder's name and address, the number of New Common Shares in respect of when it dissents and a demand for payment of the fair value of such Dissent Shares. A Dissenting Shareholder must within 30 days after sending the Demand Notice, send the certificates representing the Common Shares in respect of which it is dissenting to the Company or the Transfer Agent or else the Dissenting Shareholder will lose its right to make a claim for the fair value of such Dissent Shares. If a Dissent Right is being exercised by someone other than the beneficial owner of the Common Shares, this Demand Notice must be signed by such beneficial owner.

At the Effective Time, any New Common Shares held by a Shareholder who has sent a Demand Notice and validly exercised his, her or its Dissent Right shall be directly assigned and transferred by such Dissenting Shareholder to the Purchaser (free and clear of all Encumbrances) in consideration for a debt claim against the Purchaser to be paid the fair value of such New Common Shares pursuant to procedures summarized herein.

The Company shall, not later than seven days after the later of the date on which the Arrangement becomes effective or the date the Company receives a Demand Notice, send to each Dissenting Shareholder a written offer (the "**Offer to Pay**") to pay for the Dissent Shares in an amount considered by the Board to be the fair value for its Dissent Shares, accompanied by a statement and showing how the fair value was determined. Every Offer to Pay shall be on the same terms. Dissenting Shareholders who accept the Offer to Pay will, unless such payments are prohibited by the CBCA, be paid within ten days of acceptance, but any Offer to Pay lapses if the Company does not receive an acceptance thereof within 30 days after the date on which the Offer to Pay was made.

If the Company fails to make the Offer to Pay, or a Dissenting Shareholder fails to accept the Offer to Pay, the Company may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Dissent Shares of any Dissenting Shareholder. Upon any such application by the Company, the Company shall notify each affected Dissenting Shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel. If the Company fails to make such

an application, a Dissenting Shareholder has the right to so apply within a further period of 20 days or within such further period as the Court may allow. All Dissenting Shareholders whose Dissent Shares have not been purchased by the Purchaser will be joined as parties to the application and will be bound by the decision of the Court. The Court may determine whether any other person is a Dissenting Shareholder who should be joined as a party and the Court will fix a fair value for the Dissenting Shares of all Dissenting Shareholders.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, it will lose its Dissent Rights, and if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a non-dissenting Shareholder. If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, the Company will return to the Dissenting Shareholder the certificates delivered to the Company by the Dissenting Shareholder, if any.

Dissent Rights are technical and complex and it is suggested that any Shareholder wishing to exercise Dissent Rights seek independent legal advice as failure to comply strictly with the applicable provisions of the CBCA, the Interim Order and the Plan of Arrangement may prejudice the availability of Dissent Rights.

Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Dissent Shares as determined under applicable provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement, will be more than or equal to the Consideration under the Arrangement. In addition, any judicial determination of fair value will result in delay in a Dissenting Shareholder receiving the Consideration for the Dissent Shares.

All Dissent Notices to the Arrangement pursuant to Section 190 of the CBCA, as modified by the terms of the Interim Order, should be sent to the Company at:

155 Sheldon Drive
Cambridge, Ontario
N1R 7H6
Attention: Gary Calhoun

If, as of the Effective Date, the aggregate number of Common Shares in respect of which Shareholders have duly and validly exercised Dissent Rights exceeds 10% of the Common Shares then outstanding, the Purchaser is entitled, in its discretion, to not complete the Arrangement. See "The Arrangement Agreement – Conditions Precedent to the Arrangement".

RISKS ASSOCIATED WITH THE ARRANGEMENT

In evaluating the Arrangement, Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Common Shares, the exactEarth Shares and/or the businesses of the Company or exactEarth following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Shareholders should also carefully consider the risk factors associated with the business of exactEarth included in this Circular (see **Appendix "E"** — "Information Concerning exactEarth — Risk Factors"). If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include:

Completion of the Arrangement is subject to a number of conditions. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, there are a number of other conditions precedent to the Arrangement which are outside the control of the Company or the Purchaser, including, but not limited to, Shareholder Approval, approval of the Court, and required regulatory and third party approvals and consents. See the section of the Circular entitled "The Arrangement Agreement – Conditions Precedent to the Arrangement".

If for any reason the conditions to the Arrangement are not satisfied or waived and the Arrangement is not completed, the market price of the Common Shares may be adversely affected.

In addition, the Purchaser may not complete the Arrangement if a Core Business Material Adverse Change occurs, and such events are likely beyond the control of the Company. Although a Core Business Material Adverse Change excludes certain events that are beyond the control of the Company (such as general changes in the global economy or changes that affect the industries in which the Company operates), there is no assurance that a change having a Core Business Material Adverse Change will not occur before the Effective Date, in which case the Purchaser could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There is also no certainty, nor can any Party provide any assurance, that the Arrangement Agreement will not be terminated by either Party before completion of the Arrangement.

Each of the Company and the Purchaser has the right to terminate the Arrangement Agreement in certain limited circumstances. Accordingly, there is no certainty that the Arrangement Agreement will not be terminated by either the Company or the Purchaser before the completion of the Arrangement.

If the Arrangement Agreement is terminated, there is no assurance that the Board will be able to find a party willing to pay an equivalent or greater price for the Common Shares than the price to be paid pursuant to the terms of the Arrangement Agreement. See the section in this Circular entitled "The Arrangement Agreement – Termination of the Arrangement Agreement".

INFORMATION CONCERNING EXACTEARTH

Upon completion of the Arrangement, Shareholders will become shareholders of exactEarth. Information relating to exactEarth after the Arrangement is contained in **Appendix "E"** to this Circular.

OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness, the Company does not grant loans to the Directors and executive officers of the Company or to their respective associates. As at October 31, 2014, and during the fiscal year ended October 31, 2014, none of the Directors or executive officers of the Company or their respective associates was indebted to the Company.

OTHER MATTERS

Management of the Company is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy (printed on blue paper) to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

AUDITORS

Ernst & Young LLP, located at 515 Riverbend Dr., Kitchener, Ontario, Canada N2K 3S3, is the auditor of the Company and has confirmed that it is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario).

ADDITIONAL INFORMATION

You may obtain additional financial information about the Company in the Company's audited consolidated financial statements and management discussion and analysis for the year ended October 31, 2014, which have been filed with the applicable securities commissions and are available for viewing, together with the Company's other public disclosure documents, under the Company's profile on SEDAR at www.sedar.com. Copies of the Company's financial statements may be obtained without charge upon written request by mail to the Company at 155 Sheldon Drive, Cambridge, Ontario N1R 7H6.

CONSENT OF CANACCORD GENUITY

TO: THE BOARD OF DIRECTORS OF COM DEV INTERNATIONAL INC. ("**COM DEV**")

Reference is made to the fairness opinion of our firm dated November 4, 2015 (the "**Fairness Opinion**"), which Canaccord Genuity Corp. prepared for the board of directors of COM DEV, in connection with the proposed Arrangement involving, among others, COM DEV, Honeywell Limited/Honeywell Limitée and Honeywell International Inc.

We hereby consent to the filing of the Fairness Opinion in the management information circular of COM DEV dated December 21, 2015 (the "**Circular**") with the applicable securities regulatory authorities and the inclusion of the Fairness Opinion and a summary of the Fairness Opinion in the Circular.

In providing such consent, Canaccord Genuity Corp. does not intend that any person other than the directors of COM DEV shall rely upon the Fairness Opinion.

(Signed) CANACCORD GENUITY CORP.

Toronto, Ontario

December 21, 2015.

CERTIFICATE AND APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Circular and the sending of it to the holders of Common Shares of the Company entitled to notice of the Meeting, the Directors of the Company, the auditors of the Company and to the appropriate governmental agencies have been approved by the Board.

DATED as of the 21st day of December, 2015.

"Michael Pley"
MICHAEL PLEY
Chief Executive Officer

APPENDIX A – ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of COM DEV International Inc. (the "Corporation"), as more particularly described and set forth in the management proxy circular (the "**Circular**") dated December 21, 2015 of the Corporation accompanying the notice of this meeting and as it may be amended, modified or supplemented in accordance with the arrangement agreement dated November 5, 2015 between the Corporation and the Purchaser (as it may be amended, modified or supplemented, the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Corporation (the "**Plan of Arrangement**"), as it may be amended, modified or supplemented in accordance with its terms and the Arrangement Agreement, the full text of which is set out in **Appendix "B"** to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and transactions contemplated thereby, (ii) actions of the directors of the Corporation in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Corporation in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified, authorized and approved.

4. The Corporation is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement.

5. Notwithstanding that this resolution has been passed by the holders of common shares of the Corporation (collectively, the "**Shareholders**") or that the Arrangement has been approved by the Court, the directors of the Corporation are hereby authorized and empowered to, without further notice to or approval of the Shareholders: (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement, to the extent permitted thereby; and (ii) subject to the terms of the Arrangement Agreement, not proceed with the Arrangement and related transactions.

6. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, for filing with the Director under the CBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement and transactions contemplated thereby in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Corporation is hereby authorized and directed for an on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX B – PLAN OF ARRANGEMENT

FORM OF PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth:

"**Applicable Plan**" means the Stock Option Plan, Share Unit Plan, DSU Plan, Share Unit Plan for Directors, Director Share Unit Plan or ESPP applicable to an Option, Share Award or ESPP, as the case may be;

"**Arrangement**" means the arrangement of the Company under section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and this Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order (with the consent of the Company and the Purchaser, each acting reasonably);

"**Arrangement Agreement**" means the Arrangement Agreement dated as of November 5, 2015 between the Purchaser, the Parent and the Company providing for, among other things, the Arrangement, as the same may be amended, supplemented or restated from time to time;

"**Arrangement Resolution**" means a special resolution of the Shareholders of the Company in respect of the Arrangement in substantially the form attached as Schedule 1.1(b) to the Arrangement Agreement;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the CBCA to be sent to the Director after the Final Order is made, which shall be in form and substance satisfactory to the Purchaser and the Company, each acting reasonably;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory holiday, in the Province of Ontario;

"**Cash-Out Consideration**" means:

(a) in respect of an Option that is outstanding as at the Effective Time, the aggregate of (A) ● of an exactEarth Share[1], (B) one Contingent Payment, and (C) a cash payment (net of applicable withholdings) equal to the amount by which the cash component of the Consideration exceeds the exercise price payable under such Option by the holder thereof; provided that if Taxes required to be withheld in respect of such consideration exceed the amount in (C), the holder will only be entitled to receive the consideration referred to in (A), (B) and (C) if the holder pays to the Company, at least one business day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive a portion of an exactEarth Share (which amount will be determined prior to the Effective Date)and one Contingent Payment in respect of each

[1] Amount to be determined prior to the Effective Date and to be calculated on the basis of the aggregate number of exactEarth Shares held by the Company and to be distributed to the Securityholders pursuant to the Spinout Transaction divided by the aggregate number of securities of the Company entitled to receive a portion of an exactEarth Share, subject to adjustment pursuant to Section 3.3 of the Plan of Arrangement.

Option but only if the holder pays to the Company, at least one business day before the Effective Time, the absolute value of such negative amount and all Taxes required to be withheld in respect of such Option, and provided further that if the holder fails to make such payment on or before the date that is one business day before the Effective Date, the Cash-Out Consideration shall be nil and such Option will be cancelled on the Effective Time for no consideration; and

(b) in respect of a Share Award or an ESPP Share that is outstanding as at the Effective Time, the aggregate of (A) ● of an exactEarth Share[2], (B) one Contingent Payment, and (C) a cash payment (net of applicable withholdings) equal to the cash component of the Consideration; provided that if Taxes required to be withheld in respect of such consideration exceed the amount in (C), the holder will only be entitled to receive the consideration referred to in (A), (B) and (C) if the holder pays to the Company, at least one business day before the Effective Time, an amount equal to such excess on account of such Taxes required to be withheld and if the amount in (C) is negative, the holder will be entitled to receive a portion of an exactEarth Share (which amount will be determined prior to the Effective Date)and one Contingent Payment in respect of each Share Award or ESPP Share but only if the holder pays to the Company, at least one business day before the Effective Time, the absolute value of such negative amount and all Taxes required to be withheld in respect of such Share Award or ESPP Share, and provided further that if the holder fails to make such payment on or before the date that is one business day before the Effective Date, the Cash-Out Consideration shall be nil and such Share Award or ESPP Share will be cancelled on the Effective Time for no consideration;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

"**Certificate**" means the certificate of arrangement giving effect to the Plan of Arrangement, issued pursuant to subsection 192(7) of the CBCA after the Articles of Arrangement have been filed;

"**Company**" means COM DEV International Ltd., a corporation existing under the CBCA;

"**Consideration**" means (a) $5.125 in cash for each Share held, subject to any adjustments provided for in Section 2.10 of the Arrangement Agreement, if any; and (b) the issuance of one Contingent Payment;

"**Contingent Payment**" means the right to receive a payment pursuant to the Arrangement, entitling the holder thereof to its *pro rata* interest in the Contingent Payment Amount, pursuant to the depositary agreement with the Depositary;

"**Contingent Payment Amount**" means a cash payment equal to $10,000,000 to be held in escrow and distributed by the Depositary pursuant to and in accordance with the provisions of the Depositary Agreement and this Plan of Arrangement;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Depositary**" means Computershare Trust Company of Canada, or such other depositary as may be acceptable to the Parties;

"**Depositary Agreement**" means the depositary agreement between the Company, the Purchaser and the Depositary;

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[2] Amount to be determined prior to the Effective Date and to be calculated on the basis of the aggregate number of exactEarth Shares held by the Company and to be distributed to the Securityholders pursuant to the Spinout Transaction divided by the aggregate number of securities of the Company entitled to receive a portion of an exactEarth Share, subject to adjustment pursuant to Section 3.3 of the Plan of Arrangement.

"**Director**" means the Director appointed pursuant to section 260 of the CBCA;

"**Director Share Unit Plan**" means the Director Share Unit Plan of the Company approved by the Company on September 3, 2014;

"**Director Share Unit**" means the share units granted to directors of the Company under the Director Share Unit Plan;

"**Dissent Rights**" shall have the meaning ascribed thereto in Section 4.1;

"**Dissent Shares**" means the New Common Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights.

"**Dissenting Shareholder**" means a registered holder of the Shares who dissents in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or deemed to have withdrawn such exercise of Dissent Rights and who is ultimately entitled to be paid fair value for its Shares;

"**DSUs**" means the deferred share units granted under the DSU Plan;

"**DSU Plan**" means the Amended and Restated Deferred Share Unit Plan for Directors of the Company;

"**Effective Date**" means the date of the Certificate;

"**Effective Time**" means 12:01 a.m. (Toronto Time) on the Effective Date, or such other time as the Parties may agree to in writing before the Effective Date;

"**Employee Share Purchase Plan**" or "**ESPP**" means the plan under which the Company purchases Shares on behalf of eligible employees of the Company and its Subsidiaries, adopted in fiscal 2012 and approved by Shareholders on April 18, 2012;

"**Encumbrance**" includes any mortgage, hypothec, pledge, assignment, charge, lien, security interest, adverse interest, adverse claim, other third party interest or encumbrance of any nature or kind whatsoever, whether contingent or absolute, and any agreement, option, right or privilege, in each case, through the operation of Law, contract or otherwise, capable of becoming any of the foregoing; and "**Encumber**" has a corresponding meaning;

"**ESPP Shares**" means Shares issuable by the Company to the trustee under the ESPP (for the benefit of participants under the ESPP) as the Employer Contributions under the ESPP;

"**exactEarth**" means exactEarth Ltd;

"**exactEarth Shares**" means the common shares of exactEarth held by the Company and to be distributed to the Securityholders pursuant to the Spinout Transaction;

"**Final Order**" means the order of the Court, in form and substance satisfactory to each of the Parties, acting reasonably, approving the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of each of the Parties, acting reasonably) at any time prior to the Effective Date and which has not been appealed or in respect of which all applicable appeal periods have elapsed, or, if appealed, then unless such appeal is abandoned, withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to each of the Parties, acting reasonably) on appeal;

"**Former Shareholders**" means, at and following the Effective Time, the holders of the Shares immediately prior to the Effective Time;

"**Governmental Entity**" means any domestic or foreign: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; or (ii) any subdivision, agent, instrumentality, ministry, department, commission, board or authority of any of the foregoing, including any Securities Regulator; or (iii) any self-regulating organization or stock exchange, including the TSX; (iv) any quasi-governmental or private body exercising any regulatory, expropriation, administrative or taxing authority under or for the account of any of the foregoing; or (v) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

"**Interim Order**" means an order of the Court, in form and substance satisfactory to each of the Parties, acting reasonably, containing, among other things, declarations and directions in respect of the notice to be given and the conduct of the Meeting with respect to the Arrangement as more fully set out herein, as such order may be amended, modified, supplemented or varied by the Court with the consent of each of the Parties, acting reasonably;

"**Letter of Transmittal**" means the letter of transmittal for use by the Shareholders with respect to the Arrangement;

"**Meeting**" means such meeting or meetings of the Shareholders, including any adjournment or postponement thereof, that is to be convened to consider, and if deemed advisable approve, the Arrangement Resolution;

"**New Common Shares**" means the New Common Shares in the capital of the Company to be created pursuant to Section 3.1(b) and having the rights, privileges, restrictions and conditions set out in Exhibit 1;

"**Non-Trust Share Awards**" means the Share Awards that are not Trust Share Awards;

"**Options**" means the options to purchase the Shares granted by the Company pursuant to the provisions of the Stock Option Plan;

"**Parent**" means Honeywell International Inc., a corporation existing under the laws of the State of Delaware;

"**Person**" includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);

"**Plan of Arrangement**", "**hereof**", "**herein**", "**hereto**" and like references mean and refer to this Plan of Arrangement;

"**PSUs**" means the performance share units granted under the Share Unit Plan and the Share Unit Plan for Directors;

"**Purchaser**" means Honeywell Limited, a corporation existing under the laws of Canada;

"**RSUs**" means the restricted share units granted under the Share Unit Plan and the Share Unit Plan for Directors;

"**Securityholders**" means, collectively, the Shareholders, all holders entitled to ESPP Shares, all holders of Options and all holders of Share Awards;

"**Share Awards**" means, collectively, the Director Share Units, PSUs, RSUs and DSUs;

"**Share Award Trust**" means the trust existing under the Employee Benefit Plan Trust Agreement dated April 10, 2012 with Computershare Trust Company of Canada as trustee, pursuant to which the trustee holds the Trust Shares;

"**Shareholder Rights Plan**" means the Company's Fourth Amended and Restated Shareholder Rights Plan Agreement effective as of April 22, 2015;

"**Shareholders**" means the holders of the Shares, and for purposes of Section 3.1 and Article 4 of this Plan of Arrangement, includes holders entitled to the issued and outstanding ESPP Shares;

"**Share Unit Plan**" means the Company's Share Unit Plan, governing the granting and terms of RSUs and PSUs;

"**Share Unit Plan for Directors**" means the Company's Share Unit Plan for Directors, governing the granting and terms of RSUs and PSUs to directors prior to April 23, 2014;

"**Shares**" means the common shares in the capital of the Company;

"**Spinout Transaction**" means the transactions contemplated by Section 3.1 of this Plan of Arrangement pursuant to which the exactEarth Shares will be distributed to the Securityholders;

"**Stock Option Plan**" means the stock option plan of the Company adopted in fiscal 2012 and approved by Shareholders on April 18, 2012;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), including the regulations promulgated thereunder, as amended, re-enacted and/or substituted from time to time;

"**Trust Share Awards**" means the DSUs, Directors Share Units, PSUs and RSUs in respect of which the Share Award Trust is as of the date hereof holding Trust Shares;

"**Trust Shares**" means the 285,728 Common Shares held in trust by Computershare Trust Company of Canada as trustee as of the date hereof in the Share Award Trust in support of the Company's obligations under the Applicable Plans;

"**TSX**" means the Toronto Stock Exchange; and

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended.

Words and phrases used herein that are defined in the Arrangement Agreement and not defined herein shall have the same meaning herein as in the Arrangement Agreement, unless the context otherwise requires. Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement shall have the same meaning herein as in the CBCA, unless the context otherwise requires.

1.2 Interpretation Not Affected By Headings, etc.

The division of this Plan of Arrangement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement.

1.3 Article References

Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section or subsection by number or letter or both refer to the Article, Section or subsection respectively, bearing that designation in this Plan of Arrangement.

1.4 Number and Gender

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender shall include all genders.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by any of the Parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.6 Statutory References

Unless otherwise indicated, references in this Plan of Arrangement to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

1.7 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement. This Plan of Arrangement shall become effective at, and be binding at and after, the Effective Time on the Purchaser, the Parent, the Company and its Subsidiaries, exactEarth and its Subsidiaries, the Depositary, the trustee under the trust indentures in support of the Company's obligations under the Applicable Plans, and all Persons who were immediately prior to the Effective Time holders or beneficial owners of the Shares, Options, Share Awards and ESPP Shares, respectively.

ARTICLE 3
ARRANGEMENT

3.1 Arrangement

Commencing at the Effective Time, the following events or transactions shall occur and shall be deemed to occur in the following sequence at two-minute intervals without any further act or formality:

(a) the Shareholder Rights Plan shall be terminated (and all rights issued thereunder shall expire) and shall be of no further force or effect and thereafter no Person shall have any further liability or obligation to the former holders of any rights thereunder, all without any further act or formality;

(b) the authorized share capital of the Company will be reorganized as follows:

(ii) a new class of shares consisting of an unlimited number of New Common Shares will be created, and the articles of the Company will be deemed to be amended accordingly;

(iii) each Share will be exchanged with the Company (without any action on the part of the holder of the Share) for one New Common Share and ● of an exactEarth Share[3] and all such Shares will thereupon be cancelled;

(iv) each holder of Shares exchanged with the Company will cease to be the holder of such Shares so exchanged and such holder's name will be removed from the register of holders of Shares at such time;

(v) the amount added to the stated capital account of the Company in respect of the New Common Shares will be an amount equal to the paid-up capital of the Shares for purposes of the Tax Act exchanged in Section 3.1(b)(ii) less the aggregate fair market value of the exactEarth Shares distributed on such exchange; and

(vi) each former Shareholder will be deemed to be the holder of the exactEarth Shares and New Common Shares (in each case, free and clear of any and all Encumbrances and any other rights of others) exchanged for the Shares on the Effective Date and will be entered in the Company's and exactEarth's register of holders of exactEarth Shares and New Common Shares, as the case may be, as the holder thereof;

(c) notwithstanding any vesting or exercise provisions to which an Option, Share Award or ESPP Share might otherwise be subject (whether by contract, the conditions of a grant, applicable Law or the terms of the Applicable Plan) each Option, Share Award and ESPP Share issued and outstanding at the Effective Time will, without any further action by or on behalf of any holder of such Option, or Share Award be deemed to be fully vested and:

(i) in the case of any Trust Share Award, such Trust Share (as exchanged pursuant to this Plan of Arrangement) shall be sold pursuant to and in accordance with this Plan of Arrangement and the consideration received therefor under the Arrangement shall be paid to the holder thereof by the trustee under the Applicable Plan as soon as practicable following the Effective Date and, following such payment, the holder of such Share Award will cease to be the holder of such Share Award, will cease to have any rights as a holder in respect of such Share Award under the Applicable Plan, such holder's name will be removed from the Company's register of Share Awards and all agreements, grants and similar instruments relating thereto will be cancelled; and

(ii) in the case of all of the outstanding Options, ESPP Shares and all Non-Trust Share Awards, such Options, ESPP Shares, Non-Trust Share Awards, without any further action on behalf of the holder thereof and without any payment except as provided in this Plan of Arrangement and notwithstanding the terms of the Applicable Plan, as the case may be, shall be disposed of and surrendered by the holders thereof to the Company without any act or formality on its or their part in exchange for the Cash-Out Consideration and the holder of such Option, ESPP Share, Non-Trust Share Award will cease to be the holder of such Option, ESPP Share, Non-Trust Share Award, will cease to have any rights as a holder in respect of such Option, ESPP Share, Non- Share Award or under the Applicable Plan, such holder's name will be

[3] Amount to be determined prior to the Effective Date and to be calculated on the basis of the aggregate number of exactEarth Shares held by the Company and to be distributed to the Securityholders pursuant to the Spinout Transaction divided by the aggregate number of securities of the Company entitled to receive a portion of an exactEarth Share, subject to adjustment pursuant to Section 3.3 of the Plan of Arrangement.

removed from the Company's register of Options, ESPP Shares and all Non-Trust Share Award and all agreements, grants and similar instruments relating thereto will be cancelled;

(d) each outstanding New Common Share held by a Dissenting Shareholder entitled to be paid fair value for its Dissent Shares will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any and all Encumbrances and any other rights of others, to the Purchaser in consideration for a debt claim against the Purchaser in an amount determined in accordance with Article 4 and thereupon each Dissenting Shareholder will have only the rights set out in Article 4 and each Dissenting Shareholder will cease to be the holder of such New Common Shares;

(e) each outstanding New Common Share (other than those New Common Shares acquired by the Purchaser from Dissenting Shareholders under Section 3.1(d) above), will be transferred to, and acquired by the Purchaser, free and clear of any and all Encumbrances and any other rights of others, in exchange for the Consideration and, in respect of each New Common Share:

(i) each former holder of New Common Shares will cease to be the holder of such New Common Shares so transferred concurrently with the transfers referred to in this Section 3.1(e) and such holder's name will be removed from the register of holders of New Common Shares at such time; and

(ii) the Purchaser will be deemed to be the holder of such New Common Shares (free and clear of any and all Encumbrances and any other rights of others) on the Effective Date and will be entered into the Company's register of holders of New Common Shares as the holder sole thereof;

(f) each of the Stock Option Plan, Share Unit Plan, DSU Plan, Share Unit Plan for Directors, Employee Share Purchase Plan and Director Share Unit Plan shall be terminated (and all rights issued thereunder shall expire) and shall be of no further force or effect and, following payment by the trustee of all amounts held on behalf of the holders of Share Awards under the trust indentures in support of the Company's obligations under the Applicable Plans, such trust indentures shall be terminated and be of no further force or effect; and

(g) the Depositary shall pay all or a portion of the Contingent Payment Amount to holders entitled to receive a Contingent Payment and to the Purchaser (if so entitled), in each case in accordance with the Depositary Agreement.

3.2 Value of exactEarth Shares

As soon as practicable after the Effective Time, the directors of exactEarth, acting reasonably, will determine the fair market value of the exactEarth Shares as at the Effective Time, and thereafter the fair market value as so determined, provided same is acceptable to the Purchaser, acting reasonably, will be used for the purpose of determining the stated capital of the New Common Shares (as contemplated in Section 3.1(b) above).

3.3 Fractional exactEarth Shares

Following the Effective Time, if the aggregate number of exactEarth Shares to which a Securityholder would otherwise be entitled would include a fractional share, then, subject to the sentence that follows this sentence, the number of exactEarth Shares that such Securityholder is entitled to receive will be rounded to the nearest whole number and no Securityholder will be entitled to any compensation in respect of any fractional exactEarth Shares for which the Security holder's interest was rounded down, provided that in all cases, all exactEarth Shares held by the Company prior to the Effective Time shall be distributed. In the event that rounding to the whole number results in a shortfall of exactEarth shares or in a failure to distribute all of the

exactEarth Shares, then the Depositary shall be authorized to modify the rounding formula upwards or downward to the minimum extent necessary to ensure the full distribution of the exactEarth Shares without a shortfall.

ARTICLE 4
DISSENT PROCEDURES

4.1 Rights of Dissent

Registered Shareholders may exercise rights of dissent with respect to their Shares pursuant to and in the manner set forth in section 190 of the CBCA as modified by the Interim Order and this Article 4 (the "**Dissent Rights**"), provided that, notwithstanding subsection 190(5) of the CBCA, written notice setting forth such a registered Shareholder's objection to the Arrangement and exercise of Dissent Rights must be received by the Company not later than 5:00 p.m. (Toronto Time) on the business day which is two business days preceding the date of the Meeting. The Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred their New Common Shares to the Purchaser as of the Effective Time as set out in Section 3.1 hereof and if:

(a) ultimately are entitled to be paid the fair value for their New Common Shares by the Purchaser, shall be paid the fair value of such New Common Shares, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; or

(b) ultimately are not entitled, for any reason, to be paid the fair value for their New Common Shares by the Purchaser shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder.

4.2 Recognition of Dissenting Shareholders

From and after the Effective Time, in no case shall the Purchaser, the Company or any other Person be required to recognize a Dissenting Shareholder as a holder of New Common Shares or as a holder of any securities of any of the Purchaser, the Company or any of their respective Subsidiaries and the names of the Dissenting Shareholders shall be deleted from the register of holders of Shares. In addition to any other restrictions under Section 190 of the CBCA and, for greater certainty, holders of Options or Share Awards shall not be entitled to exercise Dissent Rights.

ARTICLE 5
DELIVERY OF CONSIDERATION

5.1 Delivery of Consideration

(a) At or prior to the Effective Date, the Purchaser shall (and the Parent shall ensure that the Purchaser will): (i) deposit with the Depositary in accordance with the Arrangement Agreement, cash in an amount sufficient to pay the aggregate Consideration to which the Shareholders are entitled to receive in accordance with Article 3 hereof (net of applicable withholdings), and (ii) deposit with the Depositary in accordance with the Arrangement Agreement, the Contingent Payment Amount.

(b) At or prior to the Effective Date, the Purchaser, on behalf and at the direction of the Company, will deposit with the Depositary cash in an amount sufficient to pay the aggregate cash component of the Cash-Out Consideration to which the holders of Options, Share Awards or ESPP Shares are entitled to receive in accordance with Article 3 hereof (net of applicable withholdings).

(c) Following the deposit with the Depositary of the amounts specified in Sections 5.1(a) and 5.1(b), the Purchaser will be fully and completely discharged from its obligation to pay the Consideration to the former Shareholders and the Company and Purchaser shall be fully and completely discharged from their respective payment obligations to former holders of Options, Share Awards and ESPP Shares, respectively, and the rights of such holders will be limited to receiving from the Depositary: (i) the Consideration and exactEarth Shares or the Cash-Out Consideration, as the case may be, and (ii) the amount payable to a holder entitled to a Contingent Payment in accordance with the provisions of the Depositary Agreement, in each case to the extent they are entitled in accordance with this Plan of Arrangement.

(d) As soon as practicable after the Effective Time, the Depositary shall deliver on behalf of the Company to each holder of Options, Share Awards or ESPP Shares immediately prior to the Effective Time, as reflected on the books and records of the Company, a cheque (or other form of payment of immediately available funds) for the amount of cash such holder is entitled to receive under the Arrangement, a certificate representing the exactEarth Shares to which such holder is entitled to receive under the Arrangement, and a payment equal to the amount payable to a holder entitled to a Contingent Payment in accordance with the provisions of the Depositary Agreement, in each case, in accordance with Section 3.1.

(e) Until such time as a former Shareholder deposits with the Depositary a duly completed Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depositary or the Purchaser reasonably requires, the cash payment to which such former Shareholder is entitled will, subject to Section 5.1(f), in each case be delivered or paid to the Depositary to be held in trust for such former Shareholder for delivery to the former Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents, certificates and instruments as the Depositary or the Purchaser reasonably requires.

(f) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more Shares, other than Shares held by a Dissenting Shareholder, if applicable, a completed Letter of Transmittal and such additional documents, certificates and instruments as the Depositary or the Purchaser may reasonably require, the holder of such surrendered certificate or the deliverer of such Letter of Transmittal, as applicable, will be entitled to receive in exchange therefor, and the Depositary will deliver to such former Shareholder following the Effective Time, certificates representing the exactEarth Shares, a cheque (or other form of payment of immediately available funds) for the cash consideration to which such former Shareholder is entitled to receive, and a payment equal to the amount payable to a holder entitled to a Contingent Payment in accordance with the provisions of the Depositary Agreement, in each case in accordance with Article 3 hereof.

(g) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more Shares held by a Dissenting Shareholder, a completed Letter of Transmittal and such additional documents, certificates and instruments as the Depositary or the Purchaser may reasonably require, the holder of such surrendered certificate or the deliverer of such Letter of Transmittal, as applicable, will be entitled to receive in exchange therefor, and the Depositary will deliver to such Dissenting Shareholder following the Effective Time, certificates representing the exactEarth Shares to which such former Shareholder is entitled to receive in accordance with Article 3 hereof and such Dissenting Shareholder will have a debt claim against the Purchaser in an amount determined in accordance with Article 4.

(h) After the Effective Time and until surrender for cancellation as contemplated by Section 5.1(f) and 5.1(g) hereof, each certificate which immediately prior to the Effective Time represented one or more Shares will be deemed at all times to represent only the right to receive in

exchange therefor certificates representing the exactEarth Shares, a cheque (or other form of payment of immediately available funds) for any cash consideration to which the holder of such certificate is entitled to receive in accordance with Section 5.1(f) hereof and a payment equal to the amount payable to a holder entitled to a Contingent Payment in accordance with the provisions of the Depositary Agreement, or, in respect of Shares formerly held by a Dissenting Shareholder, the exactEarth Shares to which the holder of such certificate is entitled to receive in accordance with Section 5.1(g) and a debt claim against the Company in an amount determined in accordance with Article 4.

5.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were exchanged pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the cash amount that such Person is entitled to receive pursuant to Section 3.1 (and any dividends or distributions with respect thereto pursuant to Section 0 deliverable in accordance with such holder's Letter of Transmittal. When authorizing the delivery of such consideration in exchange for any lost, stolen or destroyed certificate, the Person to whom the consideration is being delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to the Purchaser, the Company, exactEarth and the Depositary in such sum as the Purchaser, the Company, exactEarth and the Depositary may direct or otherwise indemnify the Purchaser, the Company, exactEarth and the Depositary in a manner satisfactory to the Purchaser, the Company, exactEarth and the Depositary against any Claim that may be made against the Purchaser, the Company, exactEarth or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Notwithstanding any other provision of this Plan of Arrangement, the Purchaser and the Depositary shall be entitled to deduct and withhold from any dividend or consideration otherwise payable to any holder of Shares, Options or Share Awards, such amounts as the Purchaser or the Depositary are required to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any other tax Law of any Governmental Entity, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of Shares, Options or Share Awards, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority of the Governmental Entity. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds any cash component of the consideration otherwise payable to the holder, the Purchaser and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the consideration otherwise payable to the holder as is necessary to provide sufficient funds to the Purchaser or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority of the Governmental Entity, and shall remit to such holder any unapplied balance of the proceeds of such sale, except where the holder of an Option or Share Award has made a cash payment to the Company as contemplated in the definition of Cash-Out Consideration.

5.4 Extinction of Rights

Any certificate which immediately prior to the Effective Time represented outstanding Shares that are exchanged pursuant to Section 3.1 and not deposited with all other instruments required by Section 0 on or prior to the sixth anniversary of the Effective Date, shall cease to represent a Claim or interest of any kind or nature as a shareholder of the Company or the Purchaser. On such date, the cash to which the former registered holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to the Purchaser and cancelled, together with all entitlements to dividends, distributions and interest thereon held for such former registered holder.

5.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any and all Encumbrances or other Claims of third parties of any kind.

5.6 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Shares and Options issued prior to the Effective Time; (ii) the rights and obligations of the registered holders of Shares, Options or Share Awards and the Company, exactEarth the Purchaser, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (iii) all actions, causes of action, Claims (actual or contingent and whether or not previously asserted) based on or in any way relating to any Shares, Options, or Share Awards shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 6
AMENDMENTS AND TERMINATION

6.1 Amendments to Plan of Arrangement and Termination

(a) The Purchaser and the Company may amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification or supplement must: (i) be set out in writing; (ii) be approved by the Purchaser and the Company; (iii) be filed with the Court and, if made following the Meeting, approved by the Court; and (iv) be communicated to the Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Meeting (provided that the Purchaser shall have consented thereto in writing) with or without any other prior notice or communication (except to the extent required by the Court), and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if: (i) it is consented to in writing by each of the Purchaser and the Company (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by holders of Shares, voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares or Options and such amendments, modifications or supplements to the Plan of Arrangement need not be filed with Court or communicated to the Shareholders.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
FURTHER ASSURANCES

7.1 Books and Records

The books and records of the Company and those of its transfer agent, including the Shareholder register, shall be presumed to be correct in relation to each Shareholder's shareholdings and each Securityholder's Options and Share Awards.

7.2 Notwithstanding

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out herein.

EXHIBIT 1

Rights Attaching to New Common Shares as a Class

Voting Rights

The holders of New Common Shares shall be entitled to receive notice of and to attend and to vote at any meeting of the shareholders of the Company. Each New Common Share shall have attached thereto ten (10) votes at any meeting of holders of New Common Shares at which such holders are entitled to vote.

Dividends

Subject to the rights of the holders of shares ranking prior to the New Common Shares, the holders of the New Common Shares shall be entitled to receive any dividend declared by the directors on the New Common Shares.

Liquidation, Dissolution, or Winding-up

Subject to the rights of the holders of shares ranking prior to or on a parity with the New Common Shares, the holders of the New Common Shares shall be entitled to receive the remaining property of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs.

APPENDIX C – FAIRNESS OPINION

CANACCORD GENUITY CORP.

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www.canaccordgenuity.com

November 4, 2015

The Board of Directors of
COM DEV International
155 Sheldon Drive,
Cambridge, ON
N1R 7H6

To the Board of Directors:

Canaccord Genuity Corp. ("**Canaccord Genuity**" or "**we**") understands that COM DEV International Ltd. ("**COM DEV**" or the "**Company**") intends to enter into an agreement (the "**Arrangement Agreement**") dated November 4, 2015 with Honeywell International Inc. ("**Honeywell**") and Honeywell Limited, a wholly-owned subsidiary of Honeywell (the "**Purchaser**"), providing among other things for the acquisition by the Purchaser of all of the issued and outstanding common shares in the capital of the Company (the "**Shares**") immediately following a distribution to COM DEV shareholders (the "**Shareholders**") of COM DEV's holdings in exactEarth Ltd. ("**exactEarth**").

In accordance with the terms and conditions of an arrangement (the "**Arrangement**") carried out under the provisions of section 192 of the *Canada Business Corporations Act*, the Shareholders will receive, for each Share held: (i) 0.1977 of an exactEarth share, subject to adjustment, (ii) an initial cash payment of $5.125, and (iii) the issuance of one right to receive a cash payment of up to $0.125 following the closing of the Arrangement, with the amount of any such payment being determined based on the trading values of the exactEarth common shares following closing.

The Company has retained Canaccord Genuity to provide advice and assistance to the Company and its board of directors (the "**Board of Directors**") in evaluating the Arrangement, including the preparation and delivery to the Board of Directors of Canaccord Genuity's opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the consideration to be received under the Arrangement by Shareholders.

Engagement

Canaccord Genuity was formally engaged by the Company pursuant to an agreement between the Company and Canaccord Genuity dated December 2, 2010 and by an agreement between exactEarth and Canaccord Genuity dated July 15, 2014 (collectively, the "**Engagement Agreements**"). The Engagement Agreements provide the terms upon which Canaccord Genuity has agreed to act as financial advisor to the Company and the Board of Directors in connection with reviewing and assessing various strategic alternatives that may be available to the Company, including any potential transaction involving the acquisition of control of the Company by a third party and any public listing or distribution of exactEarth, and to perform such financial advisory services for the Company as are customary in transactions of this nature. Pursuant to the Engagement Agreements, the Company and the Board of Directors have requested that we prepare and deliver this Opinion.

The terms of the Engagement Agreements provide that Canaccord Genuity is to be paid certain fees for its services as financial advisor, including a fee upon delivery of this Opinion (no part of which is contingent upon this Opinion being favourable or upon success of the Arrangement), and a fee payable upon completion of the Arrangement or any alternative transaction (which is, in part, dependant upon the value of any such transaction). In addition, the Company has agreed to reimburse Canaccord Genuity for its reasonable out-of-pocket expenses and to indemnify Canaccord Genuity in respect of certain liabilities that might arise in connection with its engagement pursuant to the Engagement Agreements.

Relationship with Interested Parties

Neither Canaccord Genuity nor any of its affiliates is an insider, associate, or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, exactEarth, Honeywell or any of their respective associates, affiliates or subsidiaries and is not an advisor to any person or company other than to the Company and exactEarth with respect to the Arrangement. Canaccord Genuity and its affiliates have in the past provided and are currently providing investment banking and other financial advisory services to the Company and its associates, affiliates or subsidiaries, for which Canaccord Genuity and its affiliates have received, and would expect to receive, compensation, including having, in the past two years, been formally engaged on January 20, 2014 to act as financial advisor to assist the Company in executing it growth strategy, including advising on the Company's acquisition of MESL Microwave Ltd. as disclosed on December 12, 2014. Other than pursuant to the Engagement Agreements, Canaccord Genuity has not entered into any other agreements or arrangements with the Company, exactEarth, Honeywell or any of their respective associates, affiliates or subsidiaries with respect to any future dealings. In addition, Canaccord Genuity and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have long or short positions in the securities of the Company, exactEarth, Honeywell or any of their respective associates, affiliates or subsidiaries and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it receives or may

receive commission or other compensation. As an investment dealer, Canaccord Genuity and its affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to their clients on investment matters, including with respect to the Company, exactEarth, Honeywell and the Arrangement. In addition, Canaccord Genuity and its affiliates may, in the ordinary course of business, provide investment banking and other financial services to the Company, exactEarth, Honeywell or any of their respective associates, affiliates or subsidiaries.

Credentials of Canaccord Genuity

Canaccord Genuity is an independent investment bank providing a full range of corporate finance, merger and acquisition, financial restructuring, sales and trading, and equity research services. Canaccord Genuity has professionals and offices across Canada, as well as in the United States, Europe, Australia and China. This Opinion represents the opinion of Canaccord Genuity and the form and content herein have been approved for release by a committee of its principals, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Scope of Review

In arriving at its Opinion, Canaccord Genuity has reviewed, analysed, considered and relied upon (without attempting to independently verify the completeness or accuracy thereof) or carried out, among other things, the following:

1. the draft of the Arrangement Agreement dated November 4, 2015;
2. the November 4, 2015 draft of the Company Disclosure Letter to be delivered by the Company to Honeywell and the Purchaser pursuant to the Arrangement Agreement;
3. drafts of the Support Agreements for Crescendo Partners LP and each of the directors of the Company, representing an aggregate of approximately 11% of the outstanding Shares of the Company;
4. the process conducted by the Company pursuant to which a number of parties were approached regarding their interest in exploring potential transactions;
5. annual reports of the Company for each of the fiscal years ended October 31, 2012, 2013, and 2014;
6. the audited consolidated financial statements and associated management discussion & analysis of the Company as at and for each of the fiscal years ended October 31, 2012, 2013, and 2014;
7. the unaudited interim consolidated financial statements and associated management discussion & analysis of the Company as at and for the three months ended January 31, 2015, April 30, 2015, and July 31, 2015;
8. annual information forms of the Company for each of the fiscal years ended October 31, 2012, 2013, and 2014;

9. the notice of meeting and management information circulars of the Company with respect to the annual meetings of Shareholders for each of the fiscal years ended October 31, 2012, 2013, and 2014;
10. the amended and restated long form preliminary prospectus of exactEarth dated July 13, 2015;
11. the November 4, 2015 draft of the Business Separation Agreement between the Company and exactEarth;
12. the memorandum of understanding dated October 29, 2015 between the Company and Hisdesat Servicios Estrategicos, SA;
13. discussions with management and the shareholders of exactEarth;
14. certain public filings of exactEarth submitted to securities commissions or similar regulatory authorities in Canada for the last year, including marketing materials;
15. recent press releases and other public documents filed by the Company on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com;
16. discussions with the Company's senior management concerning the Company's financial condition, its future business prospects, the Arrangement Agreement and potential alternatives to the Arrangement;
17. financial projections provided by management of the Company for the fiscal years ending October 31, 2015 through 2020;
18. financial projections provided by management of exactEarth for the fiscal years ending October 31, 2015 through 2025;
19. certain other internal financial, operational and corporate information prepared or provided by management of the Company and exactEarth;
20. discussions with the Board of Directors and the Special Committee formed specifically to consider the Arrangement and alternatives to the Arrangement;
21. discussions with the Company's legal counsel as well as the legal counsel for the Special Committee;
22. discussions with Honeywell and its legal counsel;
23. public information relating to the business, operations, financial performance and stock trading history of selected public companies considered by Canaccord Genuity to be relevant;
24. public information with respect to comparable transactions considered by Canaccord Genuity to be relevant;
25. selected reports published by equity research analysts and industry sources regarding the Company and other comparable public entities considered by Canaccord Genuity to be relevant;

26. selected public market trading statistics and relevant financial information in respect of the Company and other comparable public entities considered by Canaccord Genuity to be relevant;

27. representations contained in certificates, addressed to Canaccord Genuity and dated the date hereof, from senior officers of the Company as to the completeness and accuracy of the information upon which this Opinion is based and certain other matters; and

28. such other corporate, industry and financial market information, investigations and analyses as Canaccord Genuity considered necessary or appropriate in the circumstances.

Canaccord Genuity has not, to the best of its knowledge, been denied access by the Company to any information requested by Canaccord Genuity. Canaccord Genuity did not meet with the auditor of the Company and has assumed the accuracy and fair presentation of, and has relied upon, the audited consolidated financial statements of the Company and the reports of the auditor thereon.

Prior Valuations

The Company has represented to Canaccord Genuity that there have not been any prior valuations (as defined in Canadian Securities Administrators' Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the Company or its material assets or its securities in the past two years which have not been provided to Canaccord Genuity for review. Canaccord Genuity did not receive any such valuations for review.

Assumptions and Limitations

This Opinion is subject to the assumptions, explanations and limitations set forth below.

Canaccord Genuity has not prepared a formal valuation or appraisal of the Company or any of its securities or assets and this Opinion should not be construed as such. Canaccord Genuity has, however, conducted such analyses as it considered necessary in the circumstances. In addition, this Opinion is not, and should not be construed as, advice as to the price at which any securities of the Company may trade at any future date. This Opinion addresses only the fairness, from a financial point of view, of the consideration payable under the Arrangement to the holders of Shares and does not address any other aspect or implication of the Arrangement. We have assumed that all draft documents referred to under "Scope of Review" above are accurate reflections, in all material respects, of the final form of such documents, that all of the conditions required to implement the Arrangement will be met, that the procedures being followed to implement the Arrangement will be valid and effective, a management information circular of the Company will be distributed to Shareholders, the disclosure therein will be complete and accurate in all material respects and such distribution and disclosure will comply, in all material respects, with the requirements of all applicable laws and court orders. We have also assumed that in the course of obtaining any regulatory or

third party consents, approvals or agreements in connection with the Arrangement no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company and that the Arrangement will be consummated in accordance with the terms of the Arrangement Agreement and related documents without waiver, modification or amendment of any material term, condition or agreement thereof. We are not legal, tax or accounting experts, have not been engaged to review any legal, tax or accounting aspects of the Arrangement and express no opinion concerning any legal, tax or accounting matters concerning the Arrangement. Without limiting the generality of the foregoing, Canaccord Genuity has not reviewed and is not opining upon the tax treatment under the Arrangement to the holders of Shares.

With the Board of Directors' approval and as provided for in the Engagement Agreements, Canaccord Genuity has relied upon the completeness, accuracy and fair presentation of all of the information, data, opinions, appraisals, valuations or other information, including both publicly filed documents and internal information and analyses (collectively, the "**Information**") provided orally by, or in the presence of, an officer or director of the Company or in writing by the Company or any of its subsidiaries (as such term is defined in the *Securities Act* (Ontario)) or their respective agents to Canaccord Genuity for the purpose of preparing this Opinion, and we have assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make such Information not misleading. This Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment, we have not attempted to verify independently and have assumed the completeness, accuracy and fair presentation of any of the Information. With respect to the Company's financial forecasts, projections or estimates provided to Canaccord Genuity by management of the Company and used in the analysis of supporting this Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the matters covered thereby and which, in the opinion of the Company, are (or were at the time of preparation and continue to be) reasonable in the circumstances. By rendering this Opinion we express no view as to the reasonableness of such forecasts, projections or estimates or the assumptions on which they are based.

Senior management of the Company have represented to Canaccord Genuity in a certificate delivered as of the date hereof, among other things, that: (i) the Information was, at the date the Information was provided to Canaccord Genuity, complete, true and correct in all material respects, and did not contain any untrue statement of a material fact (as such term is defined in *Securities Act* (Ontario)) in respect of the Company, its subsidiaries or the Arrangement and did not omit to state a material fact in respect of the Company, its subsidiaries or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was made or provided or any statement was made; (ii) since the dates on which the Information was provided to Canaccord Genuity, except as disclosed in writing to Canaccord Genuity, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries

and no material fact in respect of the Company, its subsidiaries or the Arrangement has come to light which would result in the Information or any statement contained therein misleading in light of the circumstances under which the Information was made or provided or any statement was made; (iii) since the dates on which the Information was provided to Canaccord Genuity, no material transaction has been entered into by the Company or any of its subsidiaries; (iv) all financial statements concerning the Company and its subsidiaries provided to Canaccord Genuity were in all material respects prepared in accordance with International Financial Reporting Standards consistently applied and fairly presented, in all material respects, the financial position and condition of the Company and its subsidiaries as at the dates thereof and the results of the operations of the Company and its subsidiaries for the periods then ended; (v) the financial material, documentation and other data concerning the Arrangement, the Company and its subsidiaries, including any projections or forecasts, provided to Canaccord Genuity were prepared on a basis consistent in all material respects with the accounting policies applied in the audited, consolidated financial statements of the Company for the year ended October 31, 2014, reflect the assumptions disclosed therein (which assumptions management of the Company believes to be reasonable) and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such financial material, documentation or data not misleading in light of the circumstances in which such financial material, documentation and data was provided to Canaccord Genuity; and (vi) the contents of all public disclosure documents prepared in connection with the Arrangement do not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and, to the best of their knowledge, such disclosure documents comply in all material respects with all requirements under applicable securities laws. In providing this Opinion we have relied without independent investigation upon the truth, accuracy and completeness of the statements in such certificate.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("**IIROC**") but IIROC has not been involved in the preparation or review of this Opinion.

This Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Canaccord Genuity in discussions with management of the Company. In its analyses and in preparing this Opinion, Canaccord Genuity made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Canaccord Genuity or any party involved in the Arrangement.

This Opinion has been provided for the sole use and benefit of the Board of Directors in connection with, and for the purpose of, its consideration of the Arrangement and may not be used or relied upon by any other person or for any other purpose or quoted from or published without the prior written consent of Canaccord Genuity, provided that

Canaccord Genuity consents to the inclusion of this Opinion in its entirety and a summary thereof (provided such summary is in a form acceptable to Canaccord Genuity) in the notice of meeting and management information circular of the Company to be mailed to Shareholders in connection with seeking their approval of the Arrangement and to the filing thereof, as necessary, by the Company on SEDAR and with the securities commissions or similar securities regulatory authorities in Canada.

This Opinion does not constitute a recommendation to the Board of Directors or any Shareholder as to whether or not any holder of Shares should approve the Arrangement and vote their Shares in favour of the Arrangement. This Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company. In considering fairness from a financial point of view, Canaccord Genuity considered the Arrangement from the perspective of Shareholders generally and did not consider the specific circumstances of any particular Shareholder, including with regard to income tax considerations. This Opinion is given as of the date hereof, and Canaccord Genuity disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion which may come, or be brought, to the attention of Canaccord Genuity after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting this Opinion after the date hereof, including, without limitation, the terms and conditions of the Arrangement, or if Canaccord Genuity learns that the Information relied upon in rendering this Opinion was inaccurate, incomplete or misleading in any material respect, Canaccord Genuity reserves the right to change, modify or withdraw this Opinion.

Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Opinion. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Conclusion

Based upon and subject to the foregoing, and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the consideration to be received under the Arrangement by the Shareholders is fair, from a financial point of view, to such Shareholders.

Yours very truly,

Canaccord Genuity

CANACCORD GENUITY CORP.

APPENDIX D – NOTICE OF APPLICATION AND INTERIM ORDER

(See attached)

CV-15-11216-00CL

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED,

AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF COM DEV INTERNATIONAL LTD.

COM DEV INTERNATIONAL LTD.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on January 25, 2016 at 10 a.m. or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date December 8, 2015

Issued by _____
Local registrar A. Anissimova
Registrar

Address of court office: 330 University Avenue
Toronto, Ontario M5G 1R7

TO: **ALL SHAREHOLDERS OF COM DEV INTERNATIONAL LTD.**

AND TO: **ALL HOLDERS OF OPTIONS OF COM DEV INTERNATIONAL LTD.**

AND TO: **ALL HOLDERS OF EMPLOYEE SHARE PURCHASE PLAN SHARES OF COM DEV INTERNATIONAL LTD.**

AND TO: **ALL HOLDERS OF SHARE AWARDS OF COM DEV INTERNATIONAL LTD.**

AND TO: **THE DIRECTORS OF COM DEV INTERNATIONAL LTD.**

AND TO: **THE AUDITOR OF COM DEV INTERNATIONAL LTD.**

AND TO: **THE DIRECTOR APPOINTED UNDER THE *CANADA BUSINESS CORPORATIONS ACT***

AND TO: **WEIRFOULDS LLP**
4100 - 66 Wellington Street West
P.O. Box 45, Toronto-Dominion Centre
Toronto, Canada, M5K 1B7

Steven Rukavina
Tel. (416) 947-5097
Fax. (416) 863-0871

Lawyers for Honeywell Limited/Honeywell Limitée and Honeywell International Inc.

APPLICATION

1. **THE APPLICANT, COM DEV INTERNATIONAL LTD. ("COM DEV"), MAKES APPLICATION FOR:**

(a) an order abridging the time and dispensing with the requirements for service of the application materials herein;

(b) an interim order for advice and directions under section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the **"CBCA"**) in connection with a proposed arrangement (the **"Arrangement"**) of COM DEV;

(c) a final order approving the Arrangement, pursuant to sections 192(3) and 192(4) of the CBCA;

(d) such further and other relief as this Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

(a) COM DEV is a corporation incorporated pursuant to the CBCA, with its shares listed and traded on the Toronto Stock Exchange;

(b) among other events, pursuant to the Arrangement, COM DEV shareholders shall exchange all issued and outstanding common shares of COM DEV for new common shares of COM DEV and a fractional common share in exactEarth Ltd. (**"exactEarth"**);

(c) after the exchange of COM DEV shares, Honeywell Limited/ Honeywell Limitée. (**"Honeywell"**) will acquire all of the new common shares of COM DEV;

(d) upon Honeywell's acquisition of all issued and outstanding common shares of COM DEV, each COM DEV shareholder who does not validly exercise their dissent rights will receive in exchange for each COM DEV common share held:

(i) $5.125 per COM DEV common share held;

(ii) 0.1977 of a common share in the capital of exactEarth (subject to adjustment);

(iii) a second payment of up to $0.125 per COM DEV common share held depending on the trading price of the exactEarth shares as described in the COM DEV management information circular;

(e) the Arrangement is an "arrangement" as defined in section 192(1) of the CBCA;

(f) COM DEV is a solvent corporation within the meaning of the CBCA;

(g) it is not practicable for COM DEV to effect a fundamental change in the nature of the Arrangement under any other provision of the CBCA;

(h) all statutory conditions under the CBCA have been or will have been fulfilled or, by the final return date of this Application, will have been fulfilled for the granting of approval of the proposed Arrangement;

(i) the Arrangement and application is put forward in good faith and for a valid business purpose;

(j) the Arrangement is fair and reasonable;

(k) section 192 of the CBCA;

(l) certain of the holders of common shares in the capital of COM DEV and other interested persons are resident outside of Ontario and will be served at their addresses as they appear on the books and records of COM DEV pursuant to rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* and/or pursuant to the terms of any Interim Order this Court may grant;

(m) section 3(a)(10) of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), exempts from the registration requirements of the U.S. Securities Act those securities which are issued in exchange for *bona fide* outstanding securities, claims or property interests, or partly in exchange and

partly for cash, where the terms and conditions of such issuance and exchange are approved after a hearing by a court upon the fairness of such terms and conditions, at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear. Based on the Court's approval of the Arrangement, COM DEV intends to rely upon the exemption under section 3(a)(10) of the U.S. Securities Act to issue New Common Shares (as defined in the Plan of Arrangement) in connection with the spinout of exactEarth Ltd. and, to the extent necessary, shares of exactEarth to holders of common shares in the capital of COM DEV who are resident in the United States;

(n) rules 14.05(2), 14.05(3), 17.02 and 38 of the *Rules of Civil Procedure*;

(o) National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, of the Canadian Securities Administrators; and

(p) such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

(a) affidavit(s) to be sworn on behalf of COM DEV, with exhibits thereto; and

(b) such further and other material as counsel may advise and this Court may permit.

December 8, 2015

OSLER, HOSKIN & HARCOURT LLP
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Lawyers for the Applicant, COM DEV International Ltd.

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED,
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE,
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF COM DEV INTERNATIONAL LTD.

COM DEV INTERNATIONAL LTD., APPLICANT

CV-15-11216-00CL

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

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Lawyers for the Applicant, COM DEV International Ltd.

Matter No: 1163979

Court File No. CV-15-11216-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE Mr.	)	TUESDAY, THE 15TH
	)	
JUSTICE PENNY	)	DAY OF DECEMBER, 2015

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, C. C-44, AS AMENDED;

AND IN THE MATTER OF RULE 14.05(2) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF COM DEV INTERNATIONAL LTD.

INTERIM ORDER

THIS MOTION made by the Applicant, COM DEV International Ltd. ("COM DEV"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "CBCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on December 8, 2015 and the affidavit of Michael Pley sworn 9, 2015, (the "Pley" Affidavit"), including the Plan of Arrangement, which is attached as Schedule "B" to the draft management proxy circular of COM DEV (the "Information Circular"), which is attached as Exhibit A to the Pley Affidavit, and on hearing the submissions of counsel for COM DEV and counsel for Honeywell Limited/Honeywell Limitée. ("Honeywell") and Honeywell International Inc. and

on being advised that the Director appointed under the CBCA (the "Director") does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that COM DEV is permitted to call, hold and conduct a special meeting (the "Meeting") of the holders of voting common shares (the "Shareholders") in the capital of COM DEV to be held at The Holiday Inn, 200 Holiday Inn Dr., Cambridge, Ontario on January 21, 2016 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "Notice of Meeting") and the articles and by-laws of COM DEV, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be December 17, 2015.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

a) the Shareholders or their respective proxyholders;

b) the officers, directors, auditors and advisors of COM DEV;

c) representatives and advisors of Honeywell;

d) the Director; and

e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that COM DEV may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by COM DEV and that the quorum at the Meeting shall be not less than two persons, holding in the aggregate at least 20% of the outstanding common shares in the capital of COM DEV, present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that COM DEV is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any

additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as COM DEV may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that COM DEV is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that COM DEV, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the

Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as COM DEV may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, COM DEV shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as COM DEV may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), to the following:

a) the registered Shareholders as at 5:00 p.m. (Toronto Time) on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of COM DEV, or its registrar and transfer agent, as at 5:00 p.m. (Toronto Time) on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of COM DEV;

ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of COM DEV, who requests such transmission in writing and, if required by COM DEV, who is prepared to pay the charges for such transmission;

b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

c) the respective directors and auditors of COM DEV and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that COM DEV elects to distribute the Meeting Materials, COM DEV is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by COM DEV to be necessary or desirable (collectively, the "Court Materials") to the holders of Options, ESPP Shares and Share Awards of COM DEV (each

defined in the Arrangement Agreement) by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, or by email, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of COM DEV or its registrar and transfer agent as at 5:00 p.m. (Toronto Time) on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by COM DEV to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of COM DEV, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of COM DEV, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that COM DEV is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as COM DEV may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, by email to holders of Options, ESPP Shares and Share Awards of COM DEV, or by the method most reasonably practicable in the circumstances, as COM DEV may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that COM DEV is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as COM DEV may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. COM DEV and Honeywell are authorized, at their expense, to solicit proxies, directly or through their officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as they may determine. COM DEV may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if COM DEV deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of COM DEV or with

the transfer agent of COM DEV as set out in the Information Circular; and (b) any such instruments must be received by COM DEV or its transfer agent not later than 5:00 p.m. (Toronto Time) on the second last business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold voting common shares of COM DEV as at 5:00 p.m. (Toronto Time) on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per common share of COM DEV and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds ($66^{2}/_{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders.

Such votes shall be sufficient to authorize COM DEV to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any

further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting COM DEV (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each voting common share of COM DEV held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to COM DEV in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by COM DEV not later than 5:00 p.m. (Toronto Time) on the second last business day immediately preceding the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the "court" referred to in section 190 of the CBCA means this Honourable Court.

23. **THIS COURT ORDERS** that, notwithstanding section 190(3) of the CBCA, Honeywell, not COM DEV, shall be required to offer to pay fair value, as of the Effective Date, for New Common Shares of COM DEV held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms

of the Plan of Arrangement. In accordance with the Plan of Arrangement and the Information Circular, all references to the "corporation" in subsections 190(3) and 190(11) to 190(26), inclusive, of the CBCA (except for the second reference to the "corporation" in subsection 190(12) and the two references to the "corporation" in subsection 190(17)) shall be deemed to refer to "Honeywell" in place of the "corporation", and Honeywell shall have all of the rights, duties and obligations of the "corporation" under subsections 190(11) to 190(26), inclusive, of the CBCA.

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its voting common shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Honeywell for cancellation in consideration for a payment of cash from Honeywell equal to such fair value; or

ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall COM DEV, Honeywell or any other person be required to recognize such Shareholders as holders of voting common shares of COM DEV at or after the date upon which

the Arrangement becomes effective and the names of such Shareholders shall be deleted from COM DEV's register of holders of voting common shares at that time.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, COM DEV may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for COM DEV, with a copy to counsel for Honeywell, as soon as reasonably practicable, and, in any event, no less than five (5) days before the hearing of this Application at the following addresses:

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Toronto, Canada M5X 1B8

Laura K. Fric
Raphael T. Eghan

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Toronto, Canada, M5K 1B7

Steven Rukavina
Tel. (416) 947-5097
Fax. (416) 863-0871

Lawyers for Honeywell Limited/Honeywell Limitée and Honeywell International Inc.

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

i) COM DEV;

ii) Honeywell;

iii) the Director; and

iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by COM DEV in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those

persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting common shares, Options, ESPP Shares, and Share Awards of COM DEV or any other securities of COM DEV including the New Common Shares, or the articles or by-laws of COM DEV, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that COM DEV shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

J.

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED,
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE,
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF COM DEV INTERNATIONAL LTD.

COM DEV INTERNATIONAL LTD., APPLICANT

Court File No. CV-15-11216-00CL

ONTARIO
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PROCEEDING COMMENCED AT
TORONTO

INTERIM ORDER

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Lawyers for the Applicant,
COM DEV International Ltd.

Matter No: 1163979

APPENDIX "E"

INFORMATION CONCERNING EXACTEARTH LTD.

No securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the United States Securities and Exchange Commission, or any securities regulatory authority of any U.S. state) or stock exchange, has expressed an opinion about these securities and it is an offence to claim otherwise.

TABLE OF CONTENTS

NOTICES

The following is a summary of exactEarth Ltd. ("exactEarth") which should be read together with the other information and statements contained in the management information circular dated December 21, 2015 (the "Circular") of COM DEV International Ltd. ("COM DEV"), to which this Appendix "E" is attached. exactEarth expects that it will become a reporting issuer in all of the Provinces of Canada and will become subject to the informational reporting requirements under the securities laws of the Provinces as a result of the Arrangement. The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Common Shares under the symbol "XCT", subject to the Company fulfilling all of the requirements of the TSX on or before March 14, 2016. The risk factors outlined in this Appendix "E" should be carefully reviewed and considered. See "Risk Factors".

Information in this Appendix pertaining to exactEarth has been furnished by exactEarth. exactEarth has agreed to indemnify COM DEV in respect of any proceeding based on any alleged or actual misrepresentation in this Circular or any COM DEV filings relating to exactEarth, any member of the exactEarth Group, the exactEarth Business or certain financial statements of exactEarth. See "The Arrangement – Business Separation Agreement".

No securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the United States Securities and Exchange Commission, or any securities regulatory authority of any U.S. State) or stock exchange has expressed an opinion about the Arrangement, the Common Shares to be distributed pursuant to the Arrangement or the Spinout Transaction and it is an offence to claim otherwise.

All capitalized terms used in this Appendix "E" that are not otherwise defined herein have the meaning ascribed to such terms elsewhere in the Circular. References to "us", "we" and the "Company" in this Appendix "E" are to exactEarth and references to management and management's beliefs are that of exactEarth.

Interpretation

Immediately before the Effective Time, we will give effect to a share capital reorganization pursuant to which each of our existing outstanding shares of any class will be converted into Common Shares. See "Capital Reorganization". Unless otherwise indicated, all information in this Appendix gives effect to the Capital Reorganization, but does not give effect to the Financing Transactions or the exercise of any options granted by us as described in "Options to Purchase Securities".

Non-IFRS Measures

In this Appendix, we provide information about Order Bookings, EBITDA, Adjusted EBITDA, EBITDA Margin and Subscription Revenue. Order Bookings, EBITDA, EBITDA Margin and Subscription Revenue are not defined by International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and our measurement of them may vary from that used by others. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement the IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS.

We define "**Order Bookings**" as the dollar sum of fully executed contracts for the supply of our products and/or services to our customers received during a defined period of time. Order Bookings are indicative of firm future revenue streams; however, they do not provide a guarantee of future net income and provide no information about the timing of future revenue.

We measure EBITDA as net income plus interest, taxes, depreciation and amortization. We measure EBITDA Margin as EBITDA, divided by our total revenue. We measure Adjusted EBITDA as EBITDA plus offering related expenses, unrealized foreign exchange losses and share-based compensation costs, less unrealized foreign exchange gains. We believe that EBITDA is useful supplemental information as it provides an indication of the income generated by our main business activities before taking into consideration how they are financed or taxed. COM DEV Shareholders should be cautioned, however, that EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of our performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows.

We define Subscription Revenue as the dollar sum of fully executed contracts for our products and/or services to our customers that are subscription-based, typically sold with a one-year period of service and recognized in our "Subscription Services" segmented revenue.

Market and Industry Data

Unless otherwise indicated, information contained in this Appendix "E" concerning our industry and the markets in which we operate or seek to operate, including our general expectations and market position, market opportunities and market share, is based on information from independent industry organizations and consultants, such as Euroconsult Inc. ("**Euroconsult**"), other third-party sources (including industry publications, surveys and forecasts), and management studies and estimates. The Euroconsult report described herein titled "Survey of Maritime Information Market" (the "**Euroconsult Report**") contains subjective research opinions and viewpoints of Euroconsult. The Euroconsult Report speaks as of its original publication date, March 6, 2015 (and not as of the date of this Circular) and the opinions and market data expressed in the Euroconsult Report are subject to change without notice.

Unless otherwise indicated, our estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from our internal research, and include assumptions made by us which we believe to be reasonable based on our knowledge of our industry and markets. Our internal research and assumptions have not been verified by any independent source, and we have not independently verified any third-party information.

While we believe the market position, market opportunity and market share information included in this Appendix "E" is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry and markets in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "Forward-Looking Statements" and "Risk Factors".

Trade-marks, Trade Names and Service Marks

This Appendix "E" includes trade-marks, such as exactAIS®, exactAIS Geospatial Web Services™, exactEarth ShipView™, exactAIS Trax™, exactAIS Archive™ and exactAIS Density Maps™, each of which are protected under applicable intellectual property laws and is our property. Solely for convenience, our trade-marks and trade names referred to in this Appendix "E" may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trade-marks and trade names. All other trade-marks used in this Appendix "E" are the property of their respective owners.

Presentation of Financial Information and Other Information

We present our consolidated financial statements in Canadian dollars. In this Appendix "E", all references to "C$" are references to Canadian dollars, references to "US$" are to United States dollars, references to "£" are to Pounds sterling and references to "€" are to Euros. Amounts are stated in Canadian dollars unless otherwise indicated. The annual financial statements for 2013 and 2014 have been audited in accordance with Canadian Auditing Standards. The interim financial statements for the first and third financial quarters of 2014 and 2015 are unaudited. All other financial information of the Company referred to herein has not been audited and is derived from the records maintained by management of the Company.

Exchange Rate Data

We disclose certain financial information contained in this Appendix "E" in United States dollars. The following table sets forth, for the periods indicated, the high, low, and average rates of exchange for one U.S. dollar, expressed in Canadian dollars, based on the Bank of Canada daily noon exchange rates during the respective periods.

	High	Low	Average
Nine months ended			
July 31, 2015	1.3060	1.1236	1.2217
August 1, 2014	1.1251	1.0415	1.0856
Fiscal years ended			
October 31, 2015	1.3413	1.1236	1.2453
October 31, 2014	1.1289	1.0415	1.0906
October 31, 2013	1.0576	0.9839	1.0198

On December 18, 2015 the daily noon exchange rate reported by Bank of Canada for conversion of one U.S. dollar into Canadian dollars was US$1.00 equals $1.3882.

FORWARD-LOOKING STATEMENTS

This Appendix "E" contains forward-looking statements that relate to our current expectations and views of future events. The forward-looking statements are contained principally in the sections titled "Summary", "Our Business", "Available Funds", "Management's Discussion and Analysis" and "Risk Factors".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to: receipt of regulatory approvals, anticipated available funds; future dividend payments; expectations regarding our revenue, expenses and operations; anticipated impact of changes to accounting policies; anticipated industry trends; anticipated new Order Bookings; research and development spending levels; selling, general and administrative spending; revenue growth guidance; gross margin trending, future growth plans and growth strategy; opportunities for market consolidation; anticipated future launch dates and launch locations for satellite assets; anticipated and continued benefits our strategic collaboration agreement with SRT and the announcement of the Second Generation Constellation on-board Iridium NEXT; expected useful lives of satellite assets and anticipated completion of additional ground stations.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, COM DEV Shareholders should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, which are discussed in greater detail in the "Risk Factors" section of this Appendix "E" and include: operational risks, actual commercial service lives of our satellites, launch failures and failure to reach planned orbital locations, insurance, uninsured risks and insurance against satellite-related losses, replacement cost of a satellite at the end of its service life, delay of satellite launches, risks associated with the capabilities of Iridium NEXT being greater than our existing capabilities, risks related to Iridium having priority over the Second Generation Constellation, risks associated with our inability to control various aspects of Iridium NEXT, risks related to revenue sharing, decision-making and co-ownership of intellectual property rights under the Harris Agreement, co-ownership of data, non-competition and exclusivity provisions under the Harris Agreement, risks related to the termination of the Harris Agreement, revenue targets, risks associated with our history of losses, failure of ground operations, failure due to unforeseen technical problems, operator error or orbital collisions, unused orbital locations, hardware and software defects, infringement of intellectual property rights, failure to protect our intellectual property rights, dependence on third party contractors, reliance on certain relationships with third parties, competition, technological changes, changing customer requirements, reliance on a limited number of customers and government contracts, political change and regulations, current and future global financial conditions, ability to raise adequate capital, software errors, security risk, dependence on the Internet, indemnifications and guarantees, risks related to future acquisitions, dispositions and strategic transactions, failure to manage growth, dependence on an increasing share of a growing market, reliance on key employees, risks related to global operations, foreign currency risk, interest rate risk, credit risk, liquidity risk, fluctuation of revenue and operating results, our target annual operating model, taxes, accounting

estimates, litigation, use and protection of personal information, risks related to operating in a regulated industry, environmental, legal and regulatory compliance, risks related to Canadian and UK sanction laws, our reliance on resellers, agents and suppliers in other jurisdictions to obtain and abide by laws of foreign jurisdictions, dividends, provisions of Canadian law as they relate to acquisition of control of us by a non-Canadian entity, the interest of significant shareholders, potential volatility of Common Share price, dilution, discretion in the use of available funds, absence of a prior public market, market discounts, risks related to financial reporting and other public company requirements, the additional regulatory burden as a public company, changes in accounting and tax rules (whether expected or unexpected).

In addition to statements relating to the matters set out above, this Appendix "E" contains forward-looking statements related to our target operating model. The model speaks to our objectives only, and is not a forecast, projection or prediction of future results of operations. See "Management's Discussion and Analysis — Overall Performance — Target annual operating model".

Although the forward-looking statements contained in this Appendix "E" are based upon what our management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this Appendix "E" relate only to events or information as of the date on which the statements are made in this Appendix "E" and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

COM DEV Shareholders should read this Appendix "E" with the understanding that our actual future results may be materially different from what we expect.

GLOSSARY

This glossary defines certain business, industry, technical and legal terms used in this Appendix "E" for the convenience of the reader. It is not a comprehensive list of all defined terms used in this Appendix "E".

"**ACT**" means the Alliance Coordination Team under the Harris Agreement.

"**Adjusted EBITDA**" means EBITDA plus offering related expenses, unrealized foreign exchange losses and share-based compensation costs, less unrealized foreign exchange gains.

"**AIS**" means Automatic Identification System, a system designed to collect maritime information in order to detect ships using VHF equipment.

"**AMSA**" means the Australian Maritime Safety Authority.

"**API**" means Application Program Interface

"**AtoN**" means Aid to Navigation.

"**Audit Committee**" means the audit committee of the Board.

"**Big Data**" means a data set so large or complex that traditional data processing applications and databases are inadequate for the processing thereof.

"**Board**" or "**Board of Directors**" means our board of directors.

"**BSA**" means that certain business separation agreement entered into on November 5, 2015 between COM DEV on the one hand and exactEarth on the other, and the Purchaser named as a third-party beneficiary entitled to rely upon and enforce its provisions, in respect of the separation of exactEarth and its Subsidiary from COM DEV and its Subsidiaries and of their respective businesses from the Core Business all as more particularly described in the section of the Circular entitled "Matters to be Acted Upon – the Arrangement – Overview of the Spinout Reorganization and the Spinout Transaction".

"**CAGR**" means compound annual growth rate.

"**Capital Reorganization**" has the meaning ascribed to it under the section of this Appendix "E" titled "Capital Reorganization".

"**CBCA**" means the *Canada Business Corporations Act.*

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certificate**" means the certificate of arrangement giving effect to the Arrangement, issued pursuant to subsection 192(7) of the CBCA after the Articles of Arrangement have been filed;

"**Circular**" means the management information circular dated December 21, 2015 of COM DEV, to which this Appendix "E" is attached.

"**CGU**" means a cash generating unit.

"**Class A**" means, when used in connection to a description of transponders, a generic reference to larger, more powerful AIS transponders installed on larger ships.

"**Class B**" means, when used in connection to a description of transponders, a generic reference to low-powered, low-cost AIS transponders.

"**Closing**" means the closing of the Spinout Transaction.

"**Code**" means our Code of Business Conduct and Ethics.

"**COM DEV**" means COM DEV International Ltd.

"**Committees**" means the Human Resources and Compensation Committee, Audit Committee, and Corporate Governance and Nominating Committee, collectively.

"**Common Shares**" means the common shares in the capital of the Company prior to and following the Capital Reorganization, as applicable.

"**Company**" means exactEarth Ltd.

"**Comparator Group**" has the meaning ascribed to it under the section of the Appendix "E" titled "Compensation Discussion and Analysis — Market Position and Benchmarking".

"**Core Business**" means the businesses carried on by COM DEV and all of its Subsidiaries (excluding for greater certainty exactEarth and its Subsidiary, exactEarth Ltd., and the businesses carried on by them).

"**Corporate Governance and Nominating Committee**" means the corporate governance and nominating committee of the Board.

"**DaaS**" means Data-as-a-Service.

"**Deferred Share Unit Plan**" means our deferred share unit plan adopted by our Board effective prior to the Effective Time.

"**DFATD**" means the Canadian federal Department of Foreign Affairs, Trade and Development, which will, in the near future, be officially renamed as the Department of Global Affairs Canada.

"**Director Nominating Process**" has the meaning ascribed to it under the section of the Appendix "E" titled "Committees — Corporate Governance and Nominating Committee".

"**DPC**" means a data processing centre.

"**DSUs**" mean deferred share units under the Deferred Share Unit Plan.

"**EBITDA**" means net income attributable to shareholders plus interest, taxes, depreciation and amortization.

"**EBITDA Margin**" means EBITDA, divided by our total revenue.

"**Effective Date**" means the date on which the Arrangement becomes effective, as set out in the Plan of Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto Time) on the Effective Date, or such other time as the Parties may agree to in writing before the Effective Date;

"**EMSA**" means the European Maritime Safety Agency.

"**ESA**" means the European Space Agency.

"**ESPP**" means our employee share purchase plan adopted by our Board effective prior to the Effective Time.

"**Euroconsult**" means Euroconsult Inc.

"**Euroconsult Report**" means the Euroconsult report titled "Survey of Maritime Information Market" as described in the section of this Appendix "E" titled "Our Business — Industry Overview".

"**FCA**" means the United Kingdom Financial Conduct Authority.

"**Financing Transactions**" has the meaning ascribed to under the section of this Appendix "E" titled "Financing of exactEarth".

"**First Generation Constellation**" means our existing fleet of eight operating satellites (including one satellite which has been launched and is currently undergoing in-orbit commissioning testing) plus two satellites currently under construction and yet to be launched. As further detailed in the section of this Appendix "E" titled "Business of the Company — Systems and Infrastructure", of these 10 satellites we own five, two are owned by third parties but host our payloads, and we receive signals from the remaining three satellites each of which are owned by third parties.

"**FPO**" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

"**FSMA**" means the United Kingdom Financial Services and Markets Act 2000.

"**GT**" means gross tonnage.

"**GWS**" means Geospatial Web Services.

"**Harris**" means Harris Corporation.

"**Harris Agreement**" means the Satellite AIS Business Agreement dated June 8, 2015 between us and Harris.

"**Hisdesat**" means Hisdesat Servicios Estratégicos, S.A.

"**Human Resources and Compensation Committee**" means the human resources and compensation committee of the Board.

"**IaaS**" means Information-as-a-Service.

"**IC**" means the Canadian federal Department of Industry, which will, in the near future, be officially renamed as the Department of Innovation, Science and Economic Development.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**IMO**" means the International Maritime Organization.

"**Insider Trading Policy**" means our insider trading policy adopted by the Board.

"**IOC**" means Initial Operating Capacity as provided for under the terms of the Harris Agreement.

"**IoT**" means the Internet of Things.

"**Iridium NEXT**" means Iridium Communication Inc.'s next-generation global satellite constellation, expected to cost US$3 billion, and consisting of 66 LEO satellites expected to be launched into space beginning in 2015 and anticipated to be fully operational by 2018, some of which will carry hosted payloads operated by Harris pursuant to agreements between Harris and affiliates of Iridium Communications Inc., all as reported by Iridium Communications Inc.

"**ISDEFE**" means Ingeniería de Sistemas para la Defensa de España.

"**ITU**" means the International Telecommunications Union of the United Nations.

"**KSAT**" means Kongsberg Satellite Services AS.

"**LEO**" means low earth orbiting.

"**LRIT**" means Long-Range Identification and Tracking, a vessel tracking system.

"**M2M**" means Machine-to-Machine.

"**Majority Voting Policy**" means our majority voting policy adopted by the Board.

"**MD&A**" means our management's discussion and analysis of financial condition and results of operations as at October 31, 2014, 2013 and 2012 and July 31, 2015 and August 1, 2014.

"**Mercer**" means Mercer (Canada) Limited.

"**MIFR**" means Master International Frequency Register.

"**MMSI**" means Maritime Mobile Service Identifier, a series of nine digits which are sent in digital form over a radio frequency channel in order to uniquely identify ship stations, ship earth stations, coast stations, coast earth stations, and group calls.

"**MSS**" means mobile satellite service.

"**NATO**" means the North Atlantic Treaty Organization.

"**NEOs**" or "**Named Executive Officers**" means the officers and employees that we have determined are "executive officers" within the meaning of National Instrument 51-102 — *Continuous Disclosure Obligations*, as set forth in the section of this Appendix "E" titled "Executive Compensation — Introduction".

"**NI 33-105**" means National Instrument 33-105 — *Underwriting Conflicts*.

"**NI 52-110**" means National Instrument 52- 110 — *Audit Committees,* as amended.

"**NI 58-101**" means National Instrument 58- 101 — *Disclosure of Corporate Governance Practices*, as amended.

"**Nominating Rights Agreement**" means the nominating rights agreements between us and Hisdesat as described under the section of this Appendix "E" titled "Relationships with our Principal Shareholders".

"**Notice Date**" has the meaning ascribed to it under "Description of Securities Being Distributed — Advance Notice Procedures and Shareholder Proposals".

"**NP 58-201**" means National Policy 58- 201 — *Corporate Governance Guidelines*, as amended.

"**OBP**" means on-board processing.

"**OCEPB**" means the Orientation and Continuing Education Program for the Board.

"**OGC**" means Open Geospatial Consortium.

"**Order Bookings**" means the dollar sum of fully executed contracts for the supply of our products and/or services to our customers received during a defined period of time.

"**Principal Shareholders**" means COM DEV and Hisdesat, collectively.

"**PSUs**" mean performance share units under the Share Unit Plan.

"**RSSSA**" means the *Remote Sensing Space Systems Act*.

"**RSUs**" mean restricted share units under the Share Unit Plan.

"**S-AIS**" means Satellite Automatic Identification System.

"**SaaS**" means Software-as-a-Service.

"**SAMSA**" means South African Maritime Safety Authority.

"**Second Generation Constellation**" means the planned 58 S-AIS payloads to be hosted on-board Iridium NEXT pursuant to the Harris Agreement.

"**SDP**" means spectrum de-collision processing.

"**Share Unit Plan**" means our share unit plan adopted by our Board effective prior to the Effective Time.

"**Share Units**" mean share units under our Share Unit Plan or Deferred Share Unit Plan, as applicable, consisting of RSUs, PSUs and DSUs.

"**Shareholders**" mean holders of the Common Shares.

"**SOLAS**" means the United Nations Safety of Life at Sea Convention.

"**Spinout Transaction**" has the meaning ascribed to it in the Circular.

"**SRT**" means Software Radio Technology plc, a UK-based leading provider of Class B AIS transponders and its affiliates.

"**Stock Option Plan**" means the stock option plan adopted by the Board effective prior to the Effective Time.

"**Subscription Revenue**" means the dollar sum of fully executed contracts for our products and/or services to our customers that are subscription-based, typically sold with a one year period of service and recognized in our "Subscription Services" segmented revenue.

"**Subsidiary**" means exactEarth Europe Ltd., our wholly-owned subsidiary incorporated under the laws of England and Wales.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder.

"**Tier 3**" means a data processing center whose requirements include multiple independent distribution paths serving the IT equipment, non-redundant capacity components, IT equipment that is dual-powered and fully compatible with the topology of a site's architecture and concurrently maintainable site infrastructure with expected availability of 99.982%, as defined by the Telecommunications Industry Association (a trade association accredited by the American National Standards Institute).

"**TSX**" means the Toronto Stock Exchange.

"**TT&C**" means telemetry, tracking and command.

"**VHF**" means very-high frequency.

"**VMS**" means Vessel Monitoring Systems, a vessel tracking system used primarily for tracking specific groups of ships or fleets.

"**VTS**" means Vessel Tracking Systems a term we use for the monitoring of all shipping close to shore using a variety of technologies.

SUMMARY

COM DEV Shareholders should read the following summary together with the more detailed information regarding us contained in this Appendix "E", including the risk factors and the annual and interim consolidated financial statements and notes thereto included elsewhere in this Appendix "E".

Our Business

We are a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. Since our establishment in 2009, we have pioneered a powerful new method of maritime surveillance called Satellite-AIS ("**S-AIS**") and have delivered to our clients a view of maritime behaviours across all regions of the world's oceans that is unrestricted by terrestrial limitations. We have deployed an operational data processing supply chain with our First Generation Constellation, receiving ground stations, patented decoding algorithms and advanced Big Data processing and distribution facilities. This ground-breaking system provides a comprehensive picture of the location of AIS equipped maritime vessels throughout the world and allows us to deliver data and information services characterized by high performance, reliability, security and simplicity to large international markets.

Our business is built around our ability to detect AIS transmissions from space. S-AIS has grown to become an important component of global ship tracking and vessel behaviour analysis, and has contributed to many aspects of managing the environment of the world's oceans. Some applications of our services include vessel management, border security, trade monitoring, route analysis and environmental protection.

We deliver our AIS messages on either a recurring subscription or single payment basis, depending on the nature of the service. Subscription-based services comprised 80% of our revenue in fiscal year 2014. We have also begun to diversify our offerings into value-added services. We provide our raw data through our Data-as-a-Service ("**DaaS**") offerings, meta-data and analytics through our Information-as-a-Service ("**IaaS**") products and software platforms through our Software- as-a-Service ("**SaaS**") offering, which allows us to customize our data to suit the needs of our customers. Through this diversification of products and services, we provide what management believes is the most advanced location-based information on maritime traffic available today.

We primarily serve government and commercial markets interested in the movement of maritime vessels. Our government customers include defense, intelligence and security, search and rescue and other government agencies such as space agencies. Our commercial customers operate in sectors which include commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting and other academic and research institutions.

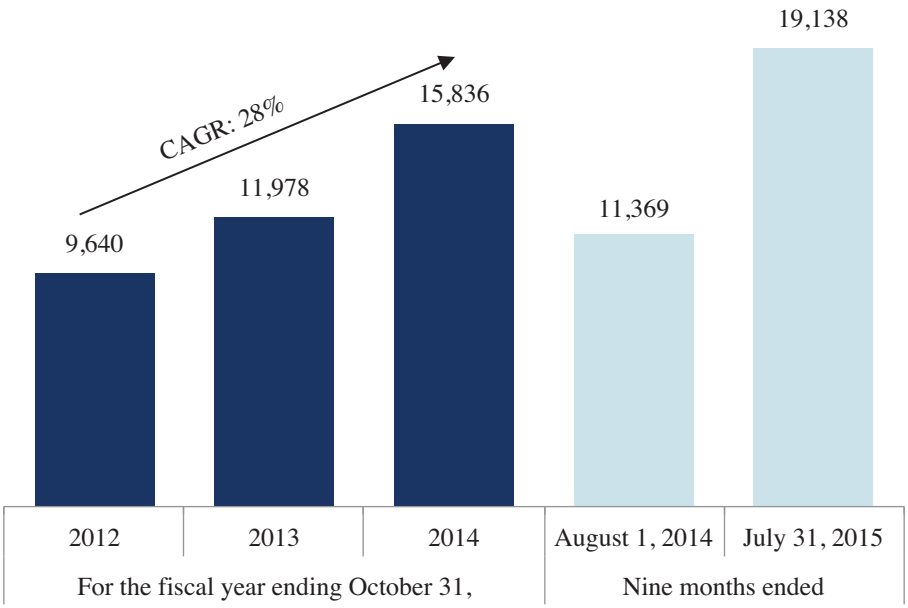
We have grown our product offering from an initial single raw data service to eleven Data, Information, and Software Products and Services, and we have grown to serve over 120 subscription customers. Some of our government customers include the Canadian Space Agency, the Canadian Department of Defence, the United States Coast Guard, the Australian Customs and Border Protection Service, the Argentinian Coast Guard and the South African Maritime Safety Authority.

The Harris Agreement, announced on June 8, 2015 enables the deployment of the Second Generation Constellation by giving us access to Harris'58 S-AIS payloads to be hosted on-board Iridium NEXT. This agreement further bolsters our space coverage and increases AIS message frequency. Under this agreement, Harris has the exclusive right to sell AIS data and products sourced from the First Generation Constellation and the Second Generation Constellation to U.S. Government customers and we have the exclusive right to sell such AIS data and products to all other markets. We and Harris have agreed to share our respective AIS product revenue with each other as set forth in the Harris Agreement. Management believes that the Harris Agreement will allow us to reach a significantly broader group of U.S. Government customers, and in turn, increase our revenues from this market. See "Business of the Company — U.S. Government Customers and Market", "Business of the Company — Second Generation Constellation", and "Risk Factors" for more information regarding the Harris Agreement.

As of the date of this Circular, we have 65 employees including 56 employees in Canada and 9 employees internationally.

We have experienced significant historical revenue growth. From the 12-month period ended October 31, 2012 to the 12-month period ended October 31, 2014, our revenue has grown at a CAGR of 28%. The following charts show our consolidated revenue (i) for our fiscal years ending October 31, 2012, 2013 and 2014, and (ii) for the three and nine-month periods ended August 1, 2014 and July 31, 2015.

Consolidated Revenue
(in C$ thousands)



See "Our Business — Business Overview".

Industry Overview

The global maritime information market is dedicated to providing data, information and applications needed to better understand events occurring in the maritime environment. In particular, users of maritime information are seeking to ensure safety at sea, improve productivity and efficiency in maritime operations, ensure regulatory compliance, improve situational awareness, provide scientific and survey data, and monitor the environment for suspicious or illegal activities. Concerns over human trafficking, maritime border security, piracy and environmental impacts (from such activities as dumping or oil spills) are increasing the need for accurate, timely information to monitor maritime shipping activities globally.

Euroconsult, an independent strategic research firm that we engaged to provide a Survey of the Maritime Information Market, broadly splits the range of technology, software, and applications into four segments:

- **AIS:** terrestrial- and space-based systems designed to collect maritime traffic information and related value-added services, in order to detect ships using very-high frequency ("**VHF**") maritime transmitters.
- **Other (than AIS) Vessel Tracking** — all other vessel tracking services mainly comprise long-range identification and tracking ("**LRIT**"), primarily used by countries to track their flag-country ships, vessel monitoring systems ("**VMS**"), used to track fishing vessels, principally to enforce fishing quotas and licenses, and other radars and imagery technologies used in coastal and port vessel tracking systems ("**VTS**") used to generically track all maritime traffic along important areas of coastline.
- **Maritime Information Provision** — includes a variety of activities which aim to provide data to the maritime community collected through different technologies and sources including, but not limited to in-field sensors, buoys, drones and ship registries.
- **Maritime Information Analytics** — provides solutions and software to analyze maritime data and generate analysis in order to aid decision making processes for maritime stakeholders.

Euroconsult estimates the global maritime information market generated almost US$880 million in revenue in 2014. With the increasing demand and continuous investment and improvements in service quality, Euroconsult estimates the market will grow to over US$2.1 billion by 2024, representing a 9% CAGR from 2014.

We primarily operate in the AIS sector of the global maritime information market. Euroconsult estimates that the total AIS market value, including both satellite- and terrestrial-based solutions, was approximately US$42.7 million in 2014 and it expects it to grow significantly in the next ten years to US$163 million by 2024, implying a CAGR of 14% over such period.

The AIS market will be driven mainly on the supply side from more terrestrial AIS networks, particularly in developing countries, and an increase in S-AIS supply from a higher density of satellite coverage, more efficient detection technologies, and improved AIS transponders allowing for better signal detection. On the demand side, given the availability of more AIS data in the future, allowing for reliable tracking and the expected diversification of value-added services, Euroconsult expects the AIS market to attract a growing number of customers, and consequently to grow by more than 200% in the next ten years and reach close to 1,300 customers by 2024. As well, Euroconsult expects the average expenditure by customers to progressively increase due to the growth and proliferation of value-added services.

We continue to expand our service offering and are looking to serve customers outside of the maritime market. Specifically, our growth plans contemplate an expansion into the advanced connectivity of objects, devices, systems and services in the wider machine-to-machine ("**M2M**") market, more broadly encompassed by the Internet of Things ("**IoT**") market. Machina Research estimates that global M2M revenue will grow to $1.2 trillion by 2022, representing a CAGR of approximately 22% from $200 billion in 2013.

See "Our Business — Industry Overview".

Our Competitive Strengths

We believe that the following key competitive strengths have allowed us to build and maintain our leading market position:

Our patented and proprietary technology allows us to deliver best-in- class S-AIS capabilities

We have developed advanced digital signal processing capabilities focused on the reception and resolution of high volumes of low-powered, uncoordinated signals in space. This technology has allowed us to develop superior S-AIS ship tracking capabilities, which deliver the most comprehensive maritime dataset, covering incrementally more maritime vessels and offering the highest fidelity tracking of ships across the globe. This technology exists both in the form of patents and trade secrets and has allowed us to develop a technique for tracking small vessels using lower-powered AIS transponders with a high detection rate — a capability we believe is unique to us.

Our premium service offering positions us as the market leader in S-AIS maritime tracking with a trusted brand and reputation

Management believes we provide the premier maritime surveillance service to the S-AIS market as measured by first-pass detection performance. In a typical seven-day period, we track approximately 165,000 AIS-equipped vessels.

In addition, we have what we believe to be the largest and most complete global archive of ship behaviours over the last five years, with more than 6.5 billion S-AIS data records archived. This archive contains a comprehensive view of the movements of AIS-equipped global fleet over the last five years. Since we commenced commercial operations in 2009, we have tracked more than 300,000 unique vessels. This capability is further enhanced by our patented capability to track small vessels in the open ocean utilizing a new class of specially modified Class B AIS transponders. We anticipate that with this added capability, our addressable market will increase to more than one million vessels by 2020.

The recent announcement of the Second Generation Constellation on-board Iridium NEXT pursuant to the Harris Agreement is expected to produce service performance and reliability levels superior to what is available in the market for S-AIS systems today. It is expected to deliver even higher detection performance than our current system, producing real-time capability for S-AIS vessel tracking that further distances us from our competition and increases our potential in the wider traditional ship tracking market. In addition, this will allow us coverage of the entire maritime VHF band, and not just the AIS frequencies, thus allowing for the development of other VHF-based vessel data services.

Strong global customer base utilizing our services primarily with subscription based revenues

We currently have a customer base of more than 120 global subscription customers and have more than a 70% share of the commercial S-AIS data services market. Approximately 80% of our revenue as of October 31, 2014 was in the form of annual service subscription revenues from these customers. Since our inception we have focused heavily on securing the government market for AIS data services and as of May 31, 2015, we provide AIS data services to more than 80 government agencies in 39 countries around the world. This strong government customer set provides an excellent reference base both for securing additional government customers and to upsell additional data services to this customer base. Select customers include Canadian National Department of Defence, Australia Maritime Safety Authority, South African Maritime Safety Authority, Argentina Coast Guard, Argentina Navy, Spanish Navy, US Coast Guard, and US Border Protection.

There are significant barriers to entry with large investments required to compete

There are significant barriers to entry for would-be competitors with respect to the capabilities that we are delivering to the market. The provision of a satellite system requires lengthy regulatory spectrum and license filings and associated capital expenditures and deployment periods. Additionally, our signal processing detection technology is protected by patents and requires the availability of a significant level of signal processing capacity. The implementation of such a capability requires either that the full spectrum received by the satellite is sent to the ground for processing, which requires a higher level of licensed spectrum for downlinking, or it requires a large spacecraft platform with sufficient power and mass available to support this level of processing, such as Iridium NEXT.

Management believes it would be very difficult and expensive for any competitor to duplicate the unique attributes of Iridium NEXT (given the number of orbiting satellites, its high power, stable orbits and inter-satellite links for real-time capability) which we will be utilizing to produce the Second Generation Constellation maritime data services. This new platform will provide high detection performance, real-time and full maritime VHF frequency band coverage. Due to the low frequencies involved in these VHF maritime and S-AIS data services, it is not technically feasible to support these services from geostationary orbit satellites, without very large antennas, which would be a costly and unproven approach.

We employ a proven management team and expert technical staff

Our management team collectively has more than 100 years of experience in LEO satellite and geospatial data services. Our management team has taken our business to positive EBITDA performance in less than five years. In addition, our technical staff has developed world-leading expertise in S-AIS technology, service operations and the associated digital signal processing technology. Our team has developed and deployed the global satellite, ground station, data networks and data processing infrastructure required for our business. Our team has also developed the DaaS and IaaS products utilized in developing our global market and customer base for S-AIS data services.

See “Our Business — Our Competitive Strengths”.

Product Capabilities

We have grown from our initial single raw data service product offering into eleven separate and distinct product offerings and we now serve approximately 275 customers, including approximately 120 subscription customers. We divide our products and services into three segments: Subscription Services, Data Products and Other Products and Services.

exactAIS®

Our exactAIS product, both the original and premium version thereof, is a subscription data service providing customers with a continuous data feed which distributes AIS messages received from ships all over the globe organized using our patented detection and de-collision technology.

We offer a premium version of our exactAIS product, where we combine our S-AIS data with terrestrial AIS data from our partner Genscape’s global coastal AIS network. This allows us to provide detailed coverage close to ports, as well as a global view covering ocean areas beyond the sight of the coastline.

exactAIS Geospatial Web Services™

exactAIS Geospatial Web Services ("**GWS**") translates raw AIS data into readable ship-related information and delivers this data in a more generic IT environment that can be accessed through an open standards-based API. Services delivered in this manner caters to customers who do not have the existing systems or capabilities to store and process the large amounts of data from our raw AIS data feed. Currently three services are delivered in this manner: (1) Latest Vessel Information (LVI); (2) Historical Vessel Positions (HVP); and (3) Historical Vessel Tracks (HVT).

exactEarth ShipView™

exactEarth ShipView is a modern web-based viewing tool that allows users to access the ship information derived from our AIS data sources within an easy- to-use mapping environment.

exactAIS Trax™

exactAIS Trax collects encoded AIS information from small vessels equipped with the Class B AIS transponder, developed in conjunction with SRT. This service delivers data which augments the information collected by our regular AIS and GWS data services, providing additional vessel behaviour insight and integration with existing operational systems, as the reports are delivered in the same recognizable formats as traditional AIS data.

Information Services

We have begun to offer our customers value-added Information-as-a- Service offerings based on Big Data analytics and our processing of the raw AIS data being received through our exactView processing chain. These services can be broadly split into three initial categories: (i) Positional Anomaly Services; (ii) Knowledge Attributes; and (iii) Voyage History and Behavioural Reports.

exactAIS Archive™

We have been collecting operational AIS data from the exactAIS service dating back to July 5, 2010. Our archive of information now includes over 6.5 billion S-AIS messages.

exactAIS Density Maps™

We have developed a simpler, summary view of the information contained in our archive to allow a wider breadth of customers to understand the potential value of such an extensive historical data set. By offering this service we remove the complexity, time and effort of turning millions of AIS messages from our historical archive into individual geospatial maps and deliver an information service that is easily consumed and understood by the simplest of customer information technology systems.

See "Our Business — Product Capabilities and Applications".

Growth Strategy

Build upon our market leading position as the premier supplier of S-AIS maritime data

Management believes that our recently announced Harris Agreement and the associated Second Generation Constellation hosted on-board Iridium NEXT will produce real-time service level capability for S-AIS and VHF maritime services that is significantly advanced from any service offering available today and will be clearly seen as the leading capability in this market segment. Management intends to leverage this capability to maintain our market leadership position and to further grow the market for S-AIS data services.

Expand our maritime market reach to new customers and applications not currently served by S-AIS

Our growth plan involves the expansion of the maritime information market into areas which do not currently utilize AIS or maritime VHF data services. We will continue developing our maritime information services to expand into the more traditional ship tracking markets. Management believes that our low-cost alternative to traditional tracking methods and systems will help us capture new customers in markets such as the traditional VMS used in commercial fishing and also to

capture customers in other fleet management tracking applications currently served by conventional satcom-based tracking technologies.

Increase sales by capturing additional datasets which will drive additional service offerings

We believe that we can leverage our existing infrastructure, storage and processing systems to collect and distribute other maritime related information which we are not currently capturing to our customer base. Decision making in the maritime market requires combining inputs from myriad large data sources such as ship details, history, ownership, insurance risk, cargoes and crew details. Storage and integration of such data is an expensive and complicated challenge and we believe we can offer services in this area to deliver individual information services tailored to our customers.

Utilize advanced data analysis capabilities in order to deliver additional value-added services

With a continuously growing data archive spanning five years, we have developed a comprehensive view of the world's shipping movements. Our infrastructure has been designed to support this archive, and interface with complex analysis engines that will allow us to provide powerful, real-time insight and alerting services to our customers. We are innovating ways to record and store individual and group behaviours and deduce normal shipping behavior which provides us with a basis for detecting abnormal vessel movements and allows us to verify the validity of positioning information within AIS messages. This Big Data approach will allow us to provide customers with specific answers to questions about vessel behaviour and pattern analysis.

Expand our addressable market beyond the maritime market and into the "Internet of Things"

Our technology allows for the detection of low-power, uncoordinated radio transmissions. By leveraging our existing intellectual property and expertise, we believe that our technology can be further evolved to allow the satellite detection of low-power, low-cost radio tags which could enable a much broader satellite tracking and data acquisition market.

Expand our global sales channel network

We intend to rapidly expand our channel partner network in commercial markets such as insurance and risk management, logistics, and financial trading services as well as to expand our network in non-government markets, namely the oceans research, and the illegal, unreported and unregulated fishing markets.

We also intend to develop an e-commerce sales channels both directly and through large geospatial communities, which would enable customers to easily purchase data products and information services online, enabling 24/7 sales.

Further invest in a Customer Service strategy to reinforce our reputation for quality service

We provide our partners and customers with access to comprehensive online knowledge databases and customer support technicians. We also deploy our technicians on-site to facilitate the integration of our data and services with customers' applications. We intend to expand this capability and develop an associated technical consulting capability as our market and product line expand in order to maintain a high level of customer service and support as part of our customer retention and brand strategy.

Pursue a disciplined acquisition strategy

We intend on targeting either complementary maritime information products, which will broaden our offering, or companies with an international presence that can provide us with additional channels to markets that we currently underserve. Although we have no agreement or commitment with respect to any acquisition at this time, we have identified a number of opportunities that may be actionable in the short- to medium-term.

See "Our Business — Growth Strategy".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the periods indicated. The selected financial information as at October 31, 2014 and 2013 and for the financial years ended October 31, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements and related notes appearing elsewhere in the Appendix "E". Our audited consolidated financial statements appearing elsewhere in this Appendix "E" have been audited by Ernst & Young LLP. Ernst & Young LLP's report on these consolidated financial statements is included elsewhere in this Appendix "E".

We end our quarter on the last Friday of every quarter, regardless of whether that day is the last calendar day of the month, resulting in a floating period end. The selected financial information as at July 31, 2015 and for the nine month periods ended July 31, 2015 and August 1, 2014 has been derived from our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in the Appendix "E". The unaudited interim condensed financial statements have been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of management, such unaudited financial statements reflect all adjustments necessary for a fair presentation of the results for those periods.

The selected consolidated financial information should be read in conjunction with our annual and interim consolidated financial statements and the related notes, and with "Management's Discussion and Analysis", "Consolidated Capitalization", "Capital Reorganization" and "Financing Transactions" included elsewhere in this Appendix "E".

	Year ended October 31,			Nine months ended	
	2014	2013	2012	July 31, 2015	August 1, 2014
	(In thousands of Canadian dollars, except per share amounts)				
Consolidated Statement of Comprehensive Loss					
Revenue	$15,836	11,978	9,640	19,138	11,369
Cost of revenue	7,696	6,644	7,453	7,905	5,759
Gross margin	8,140	5,334	2,187	11,233	5,610
Gross margin %	*51.4%*	*44.5%*	*22.7%*	*58.7%*	*49.3%*
Operating expenses					
Selling, general and administrative	5,426	4,410	4,504	6,194	3,893
Research and development	54	138	190	46	39
Product development	928	650	710	1,046	668
Restructuring charges	—	96	365	—	—
Depreciation & amortization	4,737	4,151	2,222	4,110	3,453
Loss from operations	(3,005)	(4,111)	(5,804)	(163)	(2,443)
Other income	(78)	(409)	—	—	(80)
Other expense	5	51	40	55	4
Foreign exchange loss (gain)	108	3	29	295	(102)
Interest expense	665	357	60	983	508
Loss before income taxes	(3,705)	(4,113)	(5,933)	(1,496)	(2,773
Income tax expense	—	—	—	—	—
Net Loss	$(3,705)	(4,113)	(5,933)	(1,496)	(2,773)
Foreign currency translation adjustments	(50)	(12)	—	(252)	(87)
Comprehensive loss	(3,755)	(4,125)	(5,933)	(1,748)	(2,860)
Net loss per share					
Basic and diluted	$(0.33)	$(0.37)	$(0.53)	(.013)	(0.25)
Weighted average number of Common Shares outstanding					
Basic and diluted	11,111,111	11,111,111	11,111,111	11,111,111	11,111,111

	As at October 31,		
	2014	2013	As at July 31, 2015
	(In thousands of Canadian dollars)		
Consolidated Statement of Financial Position			
Cash and cash equivalents	$2,403	$1,615	3,533
Trade receivables	2,826	2,500	4,759
Other current assets	2,431	842	3,517
Property, plant and equipment	40,858	41,624	47,861
Intangible assets	14,370	12,000	24,086
Total assets	62,888	58,581	83,756
Accounts payable and accrued liabilities	5,342	2,489	11,191
Deferred revenue	977	367	2,694
Current portion of long-term debt	256	37	355
Long-term debt	31,781	27,578	46,124
Long-term profit sharing plan liability	176	—	785
Total liabilities	38,532	30,471	61,149
Total shareholders' equity	24,356	28,110	22,607
Total liabilities and equity	62,888	58,581	83,756

INDUSTRY OVERVIEW

The Global Maritime Information Market

Over 70% of the surface of the earth is covered by navigable waters (whether large bodies of water such as oceans and seas, or smaller bodies of water such as lakes and rivers). According to the International Chamber of Shipping, the international shipping industry is responsible for the carriage of approximately 90% of world trade.

The global maritime information market is dedicated to providing data, information and applications needed to better understand events occurring in the maritime environment. In particular, users of maritime information are seeking to ensure safety at sea, improve productivity and efficiency in maritime operations, ensure regulatory compliance, improve situational awareness, provide scientific and survey data, and monitor the environment for suspicious or illegal activities. Concerns over human trafficking, maritime border security, piracy and environmental impacts (from such activities as dumping or oil spills) are increasing the need for accurate, timely information to monitor maritime shipping activities globally.

Euroconsult, an independent strategic research firm that we engaged to provide a Survey of the Maritime Information Market, broadly splits the range of technology, software, and applications into four segments:

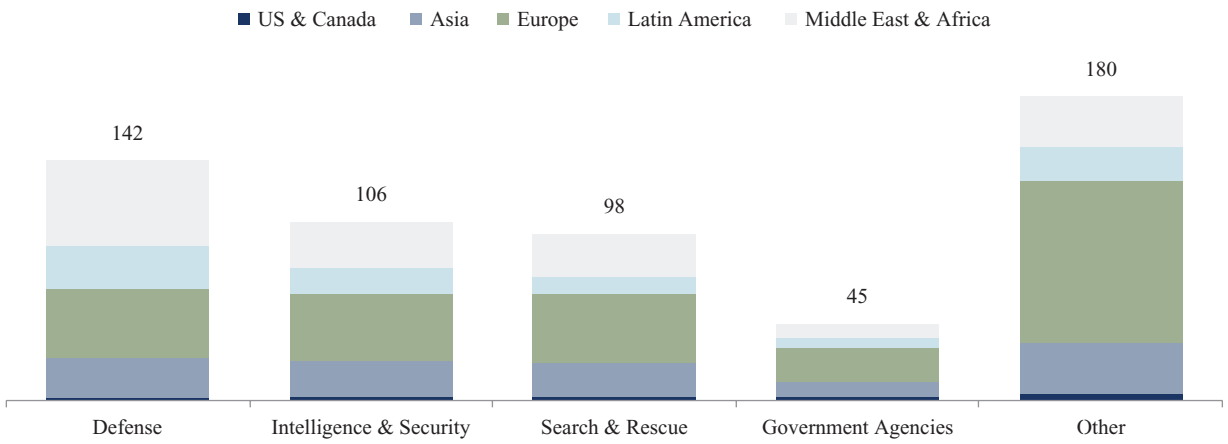
- **AIS** — terrestrial- and space-based systems designed to collect maritime traffic information and related value-added services, in order to detect ships using VHF maritime transmitters.
- **Other (than AIS) Vessel Tracking** — all other vessel tracking services mainly comprise LRIT, primarily used by countries to track their flag-country ships, VMS, used to track fishing vessels, principally to enforce fishing quotas and licenses, and other radars and imagery technologies used in coastal and port VTS used to generically track all maritime traffic along important areas of coastline.
- **Maritime Information Provision** — includes a variety of activities which aim to provide data to the maritime community collected through different technologies and sources including, but not limited to in-field sensors, buoys, drones and ship registries.
- **Maritime Information Analytics** — provides solutions and software to analyze maritime data and generate analysis in order to aid decision making processes for maritime stakeholders.

The global maritime information market serves two wide categories of customers: government and commercial customers, which each contain several vertical market segments that utilize maritime information. Governments historically have been, and remain, the largest customers in this market while commercial customers have varying requirements for maritime data.

Government Markets

There are five primary government market verticals that use maritime information services: defense; intelligence and security; search and rescue, border patrol and maritime safety; government agencies; and other ministries and organizations.

Figure 1 — Number of Addressable Customers, Government Markets



Source: Euroconsult

Defense: As countries are investing in the modernization of their fleets and increasing battlefield situational awareness, maritime information services are expected to become an increasingly important investment to naval command and control.

Intelligence and Security: Agencies such as the Federal Bureau of Investigation, the Canadian Security Intelligence Service, Europol and others utilize maritime intelligence to defend their states against threats to security.

Search and Rescue, Border Patrol and Maritime Safety: This is generally controlled by the national coast guards of countries, which vary across nations from heavily armed military forces (such as the United States Coast Guard) to volunteer organizations (such as the Her Majesty's CoastGuard of the United Kingdom). Regardless of the role and capacity in which they operate, coast guards require maritime information mainly for security and search and rescue missions.

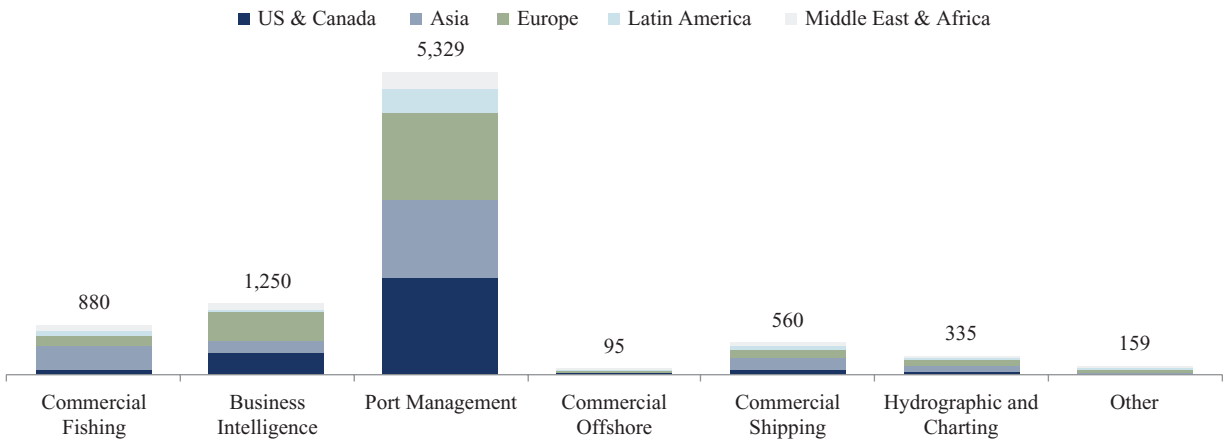
Government Agencies: Government agencies, including space agencies, utilize maritime intelligence for analytical purposes, to increase their maritime awareness and enhance their tracking abilities.

Other: Users include ministries (such as the Ministries of the Environment, Ministries of Transportation, and Ministries of Trade and Customs) and international organizations which might be responsible for maritime regulations or fishing activities.

Commercial Markets

There are seven primary commercial market verticals that use maritime information services: commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting and other academic and research institutions.

Figure 2 — Number of Addressable Customers, Commercial Markets



Source: Euroconsult

Commercial Fishing: Maritime information allows for monitoring of fishing and licenses, enforcement of environmental standards and ensuring sustainability, among other functions. The global fishing vessel fleet comprises millions of vessels, the majority of which are in marine waters (far off-coast) and generally use low-powered AIS systems.

Business Intelligence: Consisting mainly of banks, trading companies, marine financers, insurers and logistics companies, who use maritime information to manage the risk related to ship operations and to understand the trade patterns of selected vessels.

Port Management: Requires maritime information to facilitate managing growing demand, increased cargo concentration and carbon footprints.

Commercial Offshore (Oil and Gas): The offshore market (primarily oil and gas) is committing significant investments in communications, tracking and maritime information in order to better manage their offshore operations.

Commercial Shipping: Satellite tracking and maritime information play an important role helping shipping companies optimize the route, speed and fuel costs of vessels.

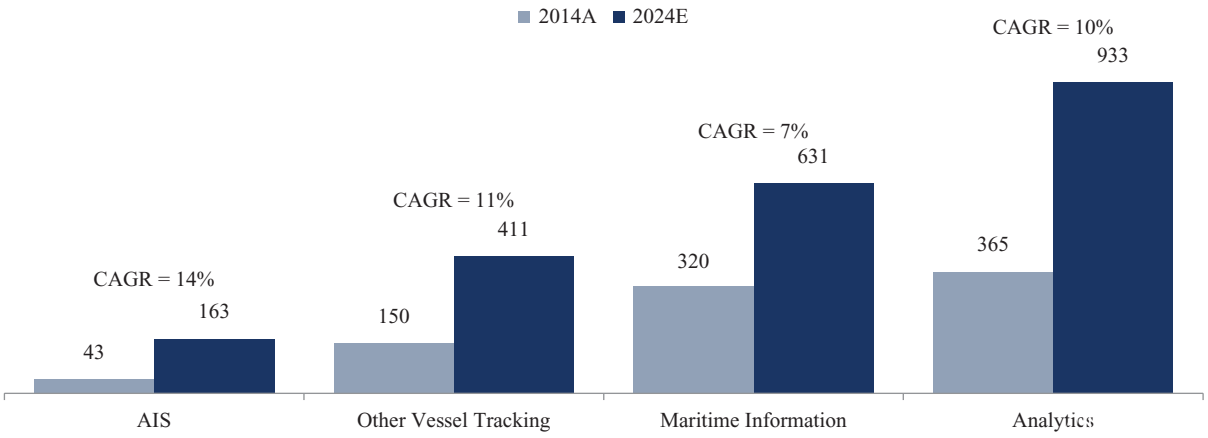
Hydrographic and Charting: Each coastal state is required to provide hydrographic and charting data which it can do directly through the national hydrographic service or in collaboration with a third-party maritime information provider.

Other: Universities, academic users and maritime research institutions use maritime information in their studies and reports.

Sizing the Global Maritime Information Market

As shown in Figure 3 below, Euroconsult estimates the global maritime information market generated almost US$880 million in revenue in 2014. With the increasing demand and continuous investment and improvements in service quality, Euroconsult estimates the market will grow to over US$2.1 billion by 2024, representing a 9% CAGR from 2014.

Figure 3 — Global Maritime Information Market Size (By Revenue in US$ millions)



Source: Euroconsult

We primarily operate in the AIS sector of the global maritime information market, and our products and services could cater to all twelve of the government and commercial customers described above.

The AIS Market

AIS is a system designed to collect maritime information in order to detect ships using VHF equipment. A ship's AIS transponder uses radio frequency electromagnetic waves to broadcast information to receiver devices on ships and land-based and space-based receiver systems. Information such as the ship's ID, position and direction can then be displayed on either radar or chart plotters. Originally designed to avoid vessel collisions, AIS has evolved and is used by end-users in order to improve their maritime situational awareness.

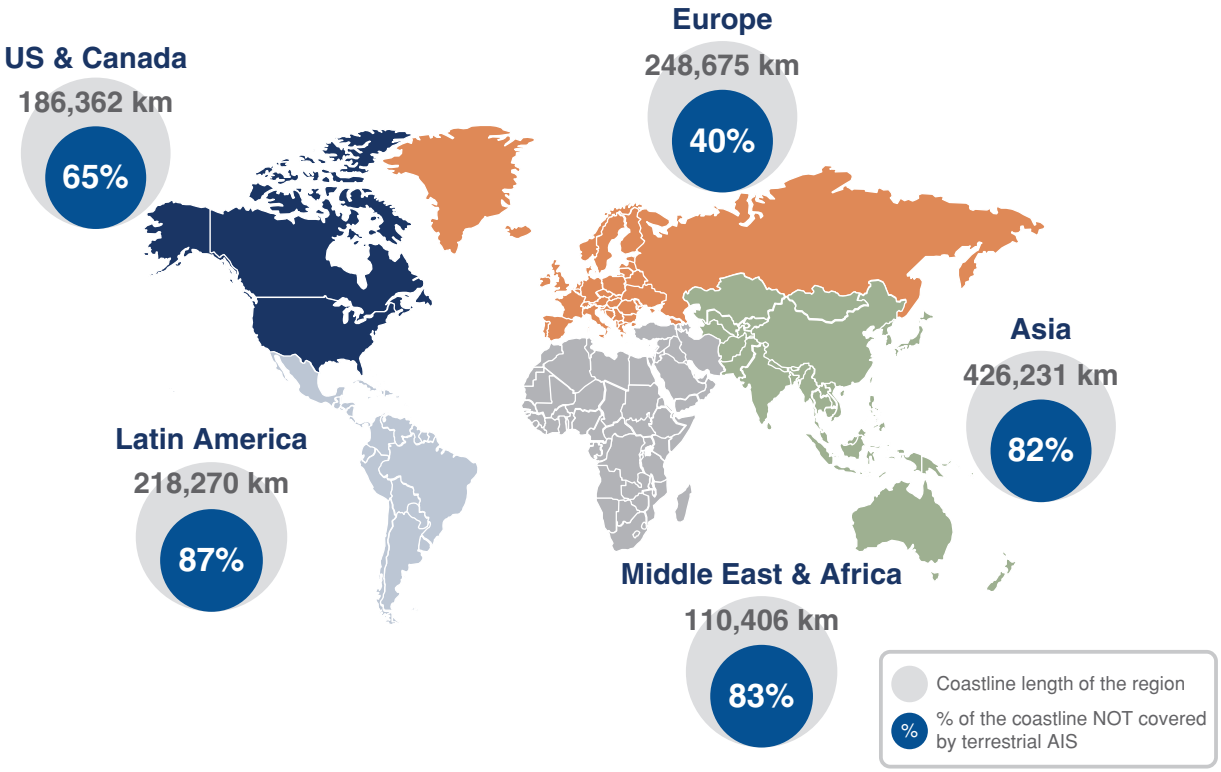
AIS devices are required internationally on most commercial vessels, as identified by the IMO pursuant to SOLAS. The vessels included in this regulation are those on international voyages weighing more than 300 GT, cargo ships of more than 500 GT (and not engaged on an international voyage), and all vessels carrying passengers, regardless of size. AIS can also be required at the national level on other vessels by national administrations, on their national waters. According to Euroconsult, the AIS system is currently used by approximately 140 countries worldwide.

AIS is mainly used for collision avoidance; however, a large number of other applications have emerged including: maritime surveillance; environmental protection; polar traffic monitoring; safety and security operations; anti- piracy and national waters regulations; logistics and optimization applications; and competitive analysis.

Terrestrial-based versus Satellite-based Systems

The large majority of coastal countries have installed terrestrial AIS stations on their coastlines. As of March 2015, there were approximately 1,800 coastal AIS stations in approximately 140 countries. The primary disadvantage of this system is that, since AIS signals travel in a straight line while ships follow the curvature of the Earth, it is limited to a monitoring range of approximately 50 nautical miles (or approximately 100 kilometres). It is also estimated that approximately 77% of the world's coastlines are not covered by terrestrial AIS.

Figure 4 — The Limitations of Terrestrial AIS Coverage



Source: Euroconsult

S-AIS greatly extends the range of traditional AIS as signals are sent and received from many kilometers above land and sea and therefore does not incur the same limitations in regards to the curvature of the earth. S-AIS allows for full coverage of waters (coastal and marine), providing its users with a more complete picture of maritime activity. Implementing S-AIS does not require ships to implement any additional hardware upgrades from the traditional AIS equipment.

There are two methods to detect S-AIS signals: on-board processing ("**OBP**") and spectrum de-collision processing ("**SDP**"). OBP does not require special processing and works well in very low-density areas. However, it may not be as effective in higher density areas due to signal collision. As such, when using OBP, a satellite may need to go over an area several times before it assembles a complete picture of vessels in the subject area. SDP is a process by which the satellite captures all signals from across the AIS radio frequency and then complex digital signal processing is applied to de-collide the signals back into the original AIS transmissions in an understandable and intelligible format. This method allows for the most ships to be detected in a single pass of a satellite over the subject area. A "**pass**" refers to a low earth orbiting ("**LEO**") satellite passing over any given point on the earth. The duration of a pass is typically 10 minutes or less.

The Current Market for AIS

AIS data is used by both government and commercial customers. Most of the early adopters of AIS were governmental maritime authorities who generally subscribed to purchasing raw AIS data. In order to better serve the remaining segments, service providers are introducing value-added services which customize solutions to the specific needs of their customers and end-users. In 2014, government customers represented approximately 20% of the total number of customers and more than 70% of the total AIS market value. However, with the development of value- added services, Euroconsult expects the number of commercial customers to increase going forward. In 2014, Euroconsult estimates that military, intelligence and security, and search and rescue were the three largest customer areas, representing more than 50% of the total market value. Among commercial customers, the three largest users were commercial customers, port authorities, and oil and gas exploration companies, representing close to 25% of the total market value.

AIS data can be a valuable tool for each of the customer markets described above in this section. Below, we have outlined some examples of specific uses of AIS data in these markets.

Defense forces are interested in equipping their non-strategic fleets for real-time monitoring and detecting vessels both nationally and abroad.

Intelligence and security agencies are collecting large amounts of data, including AIS, to continuously improve the precision of their intelligence data.

AIS allows search and rescue, border patrol and maritime safety authorities to monitor their national waters and detect abnormal AIS messages in addition to complementing their other maritime surveillance and traffic monitoring systems. Other applications include anticipation of shipment arrivals and verification of goods entering countries.

Government agencies, including space agencies are working on satellite-based AIS projects and have a role in the specifications of AIS requirements at the national and regional levels.

Several ministries could be interested in AIS data for various reasons. For example, Ministries of the Environment could use the data for environmental regulation enforcement and protection of maritime areas and species. Ministries of Transportation could monitor vessels in national waters in order to adapt national infrastructure to the traffic patterns. Ministries of trade and customs are interested in the analysis of historical shipping vessel traffic.

Hydrographic and charting companies are interested in AIS to complement their offering, but it is not a part of their core business.

Ports are often facing congestion issues and try to improve their efficiency while providing a high level of safety and security, while being mindful of the environment. Port management can use AIS data to study traffic patterns and optimize the logistics of their port with detailed analysis of historical ship tracking information.

Commercial shipping companies use AIS to analyze various shipping routes and competition, plan passage to improve traffic congestion, and in combination with other weather and hydrographic data, optimize routes and thus reduce fuel consumption and costs.

Fisheries can use AIS data to provide real-time monitoring in fishing areas with vessel identification and to help control illegal fishing activities.

Logistics companies use AIS data to optimize routes and create precise schedules. Other financial and trading companies are interested in the global commodity flows for import and export analysis.

Offshore oil and gas companies use real-time AIS data to track and manage their fleet in real-time for process optimization. It is also used to monitor the traffic in proximity to submerged pipelines.

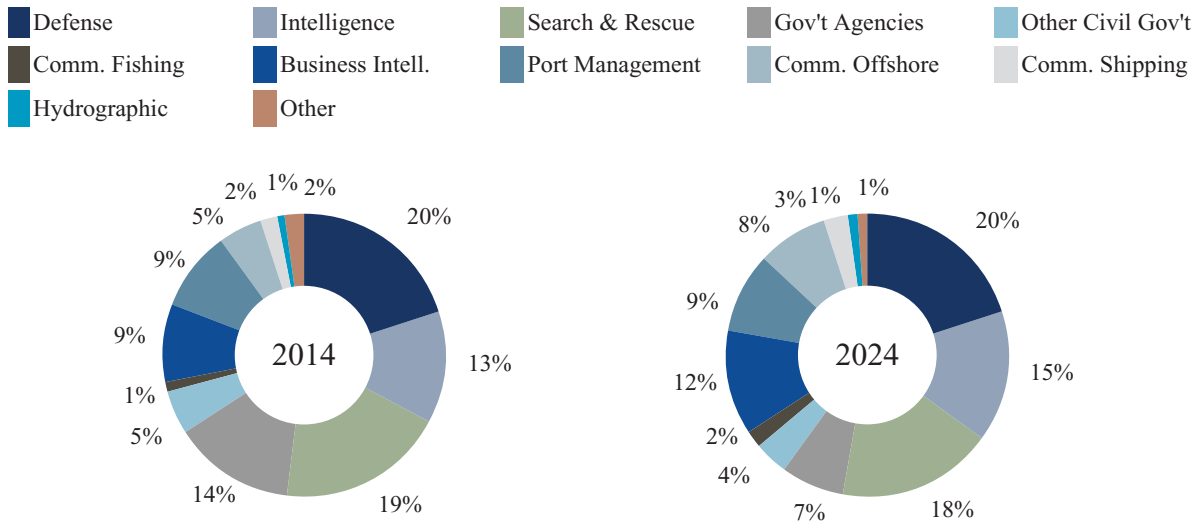
Maritime universities are interested in AIS data for analysis of the maritime environment, historical trends, and traffic evolution. However, they are not interested in real-time data and generally have limited budgets.

Market Forecast

Euroconsult estimates that the total AIS market value, including both satellite- and terrestrial-based solutions, was approximately US$42.7 million in 2014 and it expects it to grow significantly in the next ten years to US$163 million by 2024, implying a CAGR of 14% over such period.

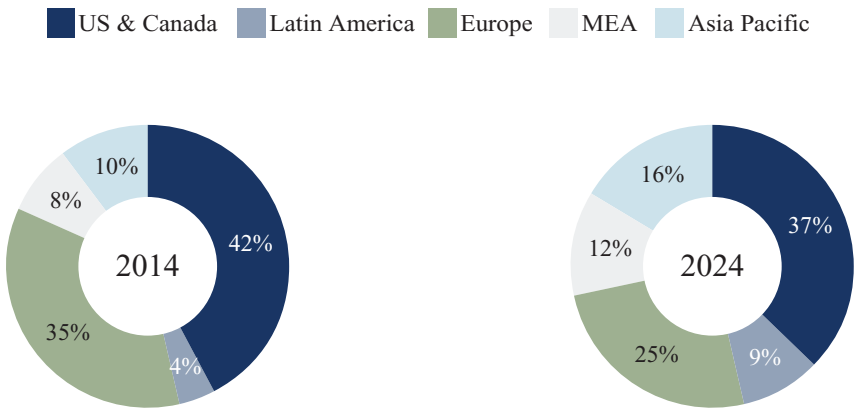
The AIS market will be driven mainly on the supply side from more terrestrial AIS networks, particularly in developing countries, and an increase in S-AIS supply from a higher density of satellite coverage, more efficient detection technologies, and improved AIS transponders allowing for better signal detection. On the demand side, given the availability of more AIS data in the future, allowing for reliable tracking and the expected diversification of value-added services, Euroconsult expects the AIS market to attract a growing number of customers, and consequently to grow by more than 200% in the next ten years and reach close to 1,300 customers by 2024. As well, Euroconsult expects the average expenditure by customers to progressively increase due to the growth and proliferation of value-added services.

Figure 5 — AIS Market Size by Segment (% of Market)



Source: Euroconsult

Figure 6 — AIS Market Share by Region (% of Market)



Source: Euroconsult

Other Maritime Markets

Other Vessel Tracking

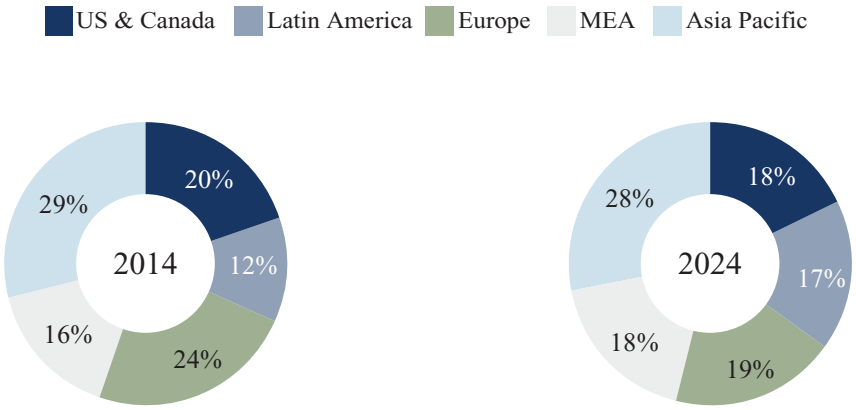
There are other ways to track vessels, including LRIT, VMS and radars and earth observation imagery (commonly implemented as part of overall VTS).

LRIT is a mandatory requirement under SOLAS under which most passenger ships, self-propelled mobile drilling units and cargo ships gauging 300 GT or more must report their position every six hours to a shore-based LRIT Center. This market is dominated by a few key operators and now covers all significant ship registries and maritime traffic.

VMS is used to track fishing vessels, principally to enforce fishing quotas and licenses. It can also be a safety tool where there is exposure to piracy or disputes over fishing and navigation rights. VMS is a legal obligation which requires ship owners to install and maintain a transponder and they are subject to severe penalties if they do not have them operational while at sea. The position data sent by VMS are received by monitoring centers maintained by the vessel's flag states, usually at the level of ministries of fisheries.

Other vessel tracking also includes radar and earth observation imagery. Although not stated as such in the Euroconsult report, these technologies are commonly implemented as part of an overall VTS. VTS is a marine traffic monitoring system established by harbour or port authorities, similar to air traffic control for aircraft. Typical VTS systems use radar, closed-circuit television, VHF radiotelephony and automatic identification systems to keep track of vessel movements and provide navigational safety in a limited geographical area.

Figure 7 — Other Vessel Tracking Market Share By Region (% of Market)



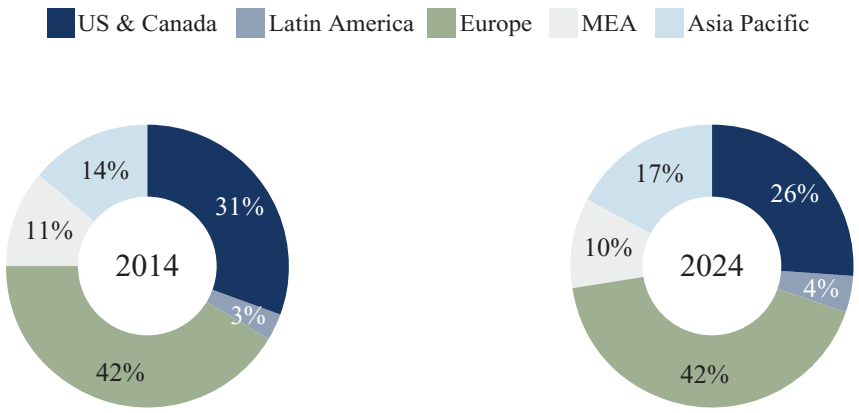
Source: Euroconsult

Maritime Information Provision Market

The maritime information provision market comprises a large variety of activities which aim to collect and analyze data for the following functions: maritime operations; logistics; maritime trade; risk management; port and terminals management; fleet capacity analysis and forecasts. Customers most interested in this market are commercial shipping and port stakeholders, offshore oil and gas companies, defense agencies and coast guards. Service providers in the maritime information market generally own proprietary methods to gather information, but there are three primary methods of data collection: documentation; networked sensors or survey vessels; and satellite-based remote sensing, AIS and other tracking.

Euroconsult estimates there are approximately 30 companies currently active in this market, with approximately 15 of them with US$1 million or greater each in annual revenue. The top 5 companies are estimated to control nearly 60% of the market share in terms of revenue.

Figure 8 — Maritime Information Market Share By Region (% of Market)

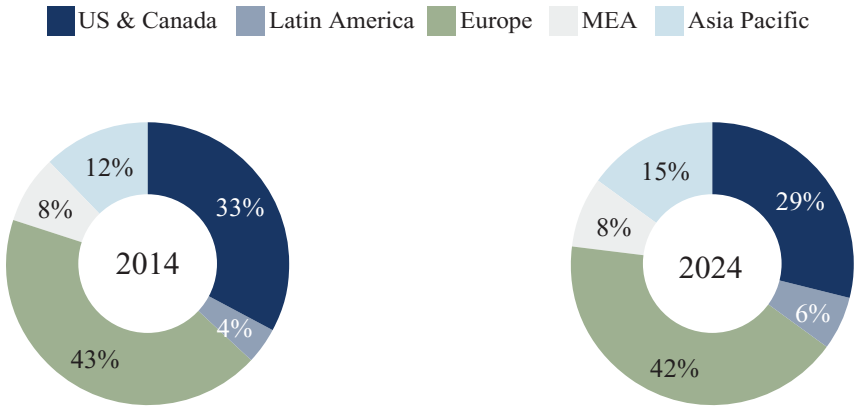


Source: Euroconsult

Maritime Information Analytics Market

The maritime information analytics market consists of aerospace and defence companies, geographic information systems providers and data analysis software and solutions providers. Data used in this segment to generate analytics product is collected through various technologies including AIS, radar, in-field sensors, and satellite earth observation. Applications in this market primarily consist of vessel monitoring, routing and reporting on suspected illegal activities.

Figure 9 — Maritime Analytics Market Share By Region (% of Market)



Source: Euroconsult

The M2M Market

We continue to expand our service offering and are looking to serve customers outside of the maritime market. Specifically, our growth plans contemplate an expansion into the advanced connectivity of objects, devices, systems and services in the wider M2M market, more broadly encompassed by the IoT market.

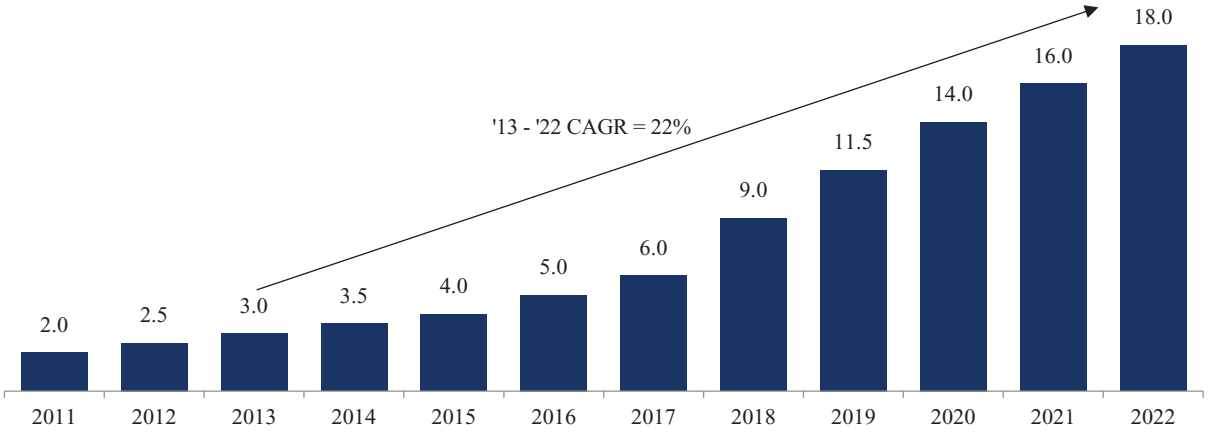
The term M2M is used to describe technologies that enable devices to communicate with each other over both wireless and wired networks. New and innovative applications driving the growth in the M2M market include, but are not

limited to logistics tracking; telemetry; remote monitoring; geo-fencing; security; scientific monitoring; and environmental monitoring. Low cost hardware is helping reduce costs for companies looking to introduce M2M in an environment where users are otherwise indifferent as to the type of technology but consider ease of use as a key driver.

In addition to the growing amount of new application areas for Internet connected automation, we expect IoT to generate large amounts of data from diverse locations requiring timely aggregation with an increased need for better indexing, processing and storage of such data. While many M2M companies tend to address specific industry verticals, for example, smart eMetering in the utilities sector, or fleet management in the transportation sector, it is expected there will be a shift towards companies pursuing broader, more horizontally-oriented addressable markets with solutions that operate across verticals.

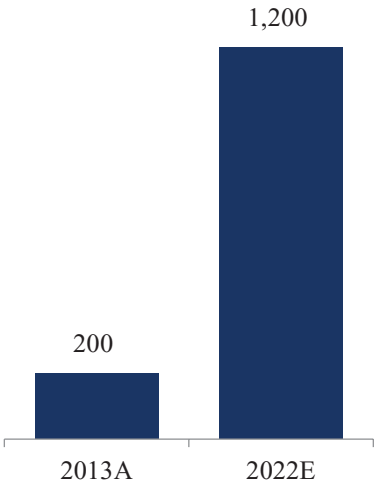
According to Machina Research, a technology consulting firm based in the United Kingdom, at the end of 2013, there were approximately 3 billion connected M2M devices worldwide and this number is estimated to grow at a CAGR of 22% to reach 18 billion connected M2M devices by 2022. Machina Research estimates that global M2M revenue will grow to $1.2 trillion by 2022, representing a CAGR of approximately 22% from $200 billion in 2013.

Global M2M Connections
(in billions)



Source: Machina Research

Global M2M Revenue (in US$ billions)



Source: Machina Research

This projected double-digit growth is driven by the following market trends:

High Return on Investment — Companies that have tested M2M systems on a limited basis with successful results are now deploying on a larger scale. In addition, the success of one company drives adoption by competitors and makes M2M a requirement to remain competitive.

Lower Infrastructure Cost — A decline in the cost for basic sensor equipment has helped boost return on investment. According to IC Insights, a leading semi-conductor research company, as of 2013, average sensor prices declined 8% in the two previous years, which increased sales volumes by nearly 25%.

Higher Network Availability — Increases in mobile network coverage, higher bandwidth availability and more wireless spectrum being assigned to commercial use are increasing the degree of network availability. M2M service suppliers are now installing multi-mode terminals, utilizing both satellite and cellular/terrestrial networks.

Connecting all end devices is, and will continue to be, a significant emerging challenge as there is no single technology that can cover all possible devices. As a result, Machina Research forecasts M2M device connectivity splits between short range, cellular, wide-area fixed, metropolitan area networks and satellite technologies.

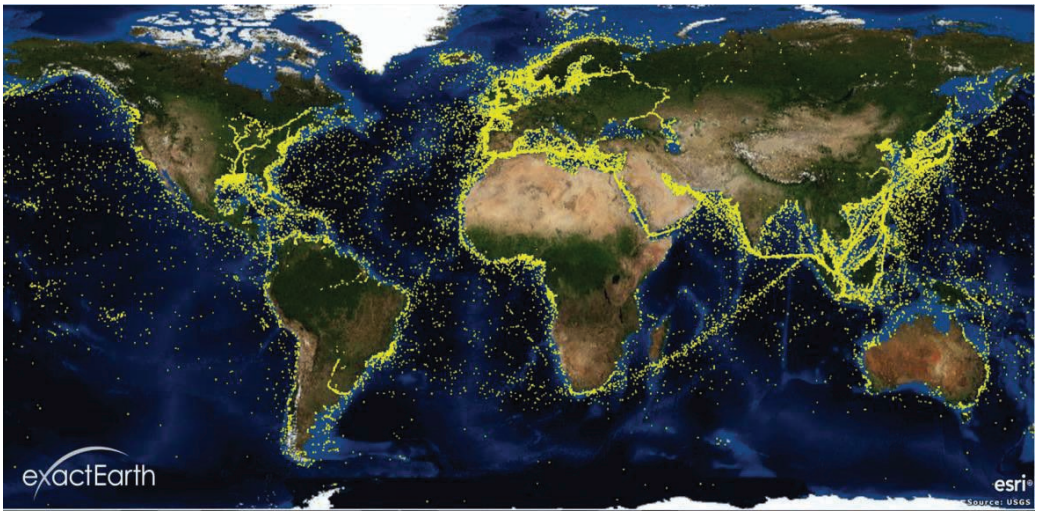
Beyond our maritime AIS data services, we have the opportunity to leverage our existing global infrastructure and distribution to become a provider of multiple data sets and value-added services. Our existing technologies can be expanded for use in the wider M2M market to capture and process M2M data. We have also identified the development of low-cost transponders for small vessel detection as an attractive market.

BUSINESS OF THE COMPANY

Our Company

We are a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. Since our establishment in 2009, we have pioneered a powerful new method of maritime surveillance called S-AIS and have delivered to our clients a view of maritime behaviours across all regions of the world's oceans that is unrestricted by terrestrial limitations. We have deployed an operational data processing supply chain with our First Generation Constellation, receiving ground stations, patented decoding algorithms and advanced Big Data processing and distribution facilities. This ground-breaking system provides a comprehensive picture of the location of AIS equipped maritime vessels throughout the world and allows us to deliver data and information services characterized by high performance, reliability, security and simplicity to large international markets.

exactEarth View of AIS-Equipped Maritime Vessels Globally



Source: exactEarth

Our business is built around our ability to detect AIS transmissions from space. S-AIS has grown to become an important component of global ship tracking and vessel behaviour analysis, and has contributed to many aspects of managing the environment of the world's oceans. Some applications of our services include vessel management, border security, trade monitoring, route analysis and environmental protection.

We deliver our AIS messages on either a recurring subscription or single payment basis, depending on the nature of the service. Subscription-based services comprised 80% of our revenue in fiscal year 2014. We have also begun to diversify our offerings into value-added services. We provide our raw data through our DaaS offerings, meta-data and analytics through our IaaS products and software platforms through our SaaS offering, which allows us to customize our data to suit the needs of our customers. Through this diversification of products and services, we provide what management believes is the most advanced location-based information on maritime traffic available today.

We primarily serve government and commercial markets interested in the movement of maritime vessels. Our government customers include defense, intelligence and security, search and rescue and other government agencies such as space agencies. Our commercial customers operate in sectors which include commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting and other academic and research institutions.

We have grown our product offering from an initial single raw data service to eleven Data, Information, and Software Products and Services, and we have grown to serve over 100 subscription customers. Some of our government customers include the Canadian Space Agency, the Canadian Department of Defence, the United States Coast Guard, the Australian Customs and Border Protection Service, the Argentinian Coast Guard and the South African Maritime Safety Authority.

We believe that we have a number of distinct competitive advantages which will serve as the key differentiating factors of our business:

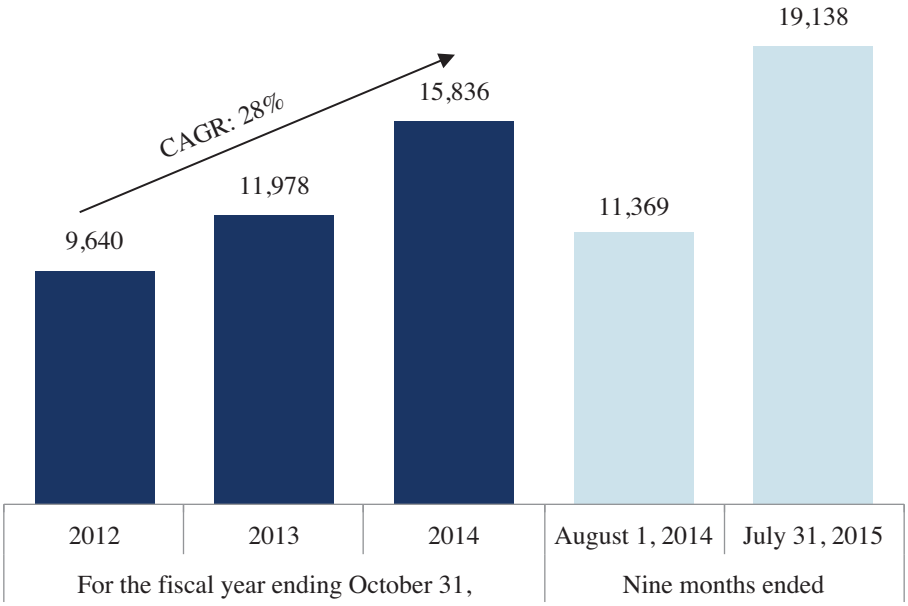
- A patented and proprietary technology which allows us to deliver best-in-class S-AIS capabilities;
- A premium service offering that positions us as a market leader in S-AIS;
- A strong global customer base which utilizes our services primarily on a subscription basis;
- Significant barriers to entry with large investments required to compete;
- A proven management team and expert technical staff; and
- A leading and trusted brand with a reputation for high quality services.

The Harris Agreement, announced on June 8, 2015 enables the deployment of the Second Generation Constellation by giving us access to Harris' 58 S-AIS payloads to be hosted on-board Iridium NEXT. This agreement further bolsters our space coverage and increases AIS message frequency. Under this agreement, Harris has the exclusive right to sell AIS data and products sourced from the First Generation Constellation and the Second Generation Constellation to U.S. Government customers and we have the exclusive right to sell such AIS data and products to all other markets. We and Harris have agreed to share our respective AIS product revenue with each other as set forth in the Harris Agreement. Management believes that the Harris Agreement will allow us to reach a significantly broader group of U.S. Government customers, and in turn, increase our revenues from this market. See "Business of the Company — U.S. Government Customers and Market", "Business of the Company — Second Generation Constellation", and "Risk Factors" for more information regarding the Harris Agreement.

As of the date of this Circular, we have 65 employees including 56 employees in Canada and 9 employees internationally.

We have experienced significant historical revenue growth. From the 12-month period ended October 31, 2012 to the 12-month period ended October 31, 2014, our revenue has grown at a CAGR of 28%. The following charts show our consolidated revenue (i) for our fiscal years ending October 31, 2012, 2013 and 2014, and (ii) for the three and nine-month periods ended August 1, 2014 and July 31, 2015.

Consolidated Revenue
(in C$ thousands)



We believe we can advance our business by building upon our market leading position as the premier supplier of S-AIS maritime data, expanding our maritime market reach to new customers and applications, increasing sales by capturing additional datasets which will drive additional service offerings, utilizing advanced data analysis capabilities in order to deliver additional value-added services, expanding our addressable market beyond the maritime market and into the IoT market, expanding our global sales channel network, further investing in a customer service strategy and pursuing a disciplined acquisition strategy.

History of the Company

In 2005, COM DEV first recognized that the AIS messages being transmitted by major ships could potentially be received from space, and that the resulting data would likely be valuable to a wide range of users since there was no practical means of tracking vessels on a worldwide basis at that time. COM DEV applied its expertise as a leading designer of space

filtering technology to develop a unique solution for detecting low powered signals not originally intended to be captured by satellites.

COM DEV validated its AIS detection capability through aircraft trials in 2007 and launched a nano-satellite in April 2008. While the nano-satellite has since become non-operational it demonstrated that COM DEV's proprietary de-collision process was capable of successfully collecting AIS signals from an LEO satellite. After a period of further technical validation, market analysis and business planning, we commenced commercial operations in June 2009.

In October 2009, we completed our first customer mandate where we successfully used our S-AIS technology to assist the Canadian Armed Forces and Department of Fisheries and Oceans in monitoring illegal, unregulated and unreported fishing activity in the Pacific Ocean.

In November 2009, we signed our first major agreement to provide S-AIS data with a non-government entity for a multi-year term. We also established a major component of our ground-based infrastructure through a long-term agreement with KSAT, a Norwegian company which provides ground station and earth observation services for polar orbiting satellites. Under this agreement, KSAT agreed to provide downlinking services at its SvalSat facility, located near Longyearbyen in Svalbard, Norway in order to capture data from our planned constellation of AIS satellites. SvalSat is the world's only established commercial station capable of downlinking on every satellite orbit. In December of that year, we signed our first government data service contract with the Danish maritime agency.

In June 2010, we completed commissioning our Toronto Data Processing Center and began our operational service collecting and storing AIS messages received in space, and delivering these through our processing chain to end customers.

In September 2010, Hisdesat acquired a 27% equity interest in the Company for a cash investment of approximately $15 million, with COM DEV retaining a 73% equity interest. Hisdesat is a major Madrid-based satellite operator and service provider that, at the time, sold data to more than 25 government customers around the world. This cash investment supported our on-going business operations and the deployment of additional space and ground infrastructure.

Between September 2010 and August 2011, we successfully launched two advanced AIS satellites and hosted AIS payloads designed to extend our constellation and increase the capacity of our global vessel monitoring service. These satellites incorporated advanced AIS payloads designed to further improve AIS message detection from space. In addition, during the same period, we leased signals from two other in-orbit satellites giving us a total operating capability of four satellite assets.

In May 2012, we released a new product, exactAIS Premium. This new service combined the data collected on our satellites with terrestrial-based stations operated by Vesseltracker GmbH based in Hamburg, Germany. exactAIS Premium delivered detailed tracking of AIS-equipped vessel movements and, at the time, offered users daily visibility of over 80,000 vessels worldwide.

In July 2012, we successfully launched our exactView-1 (EV-1) satellite aboard a Soyuz spacecraft launch vehicle. EV-1 carries an advanced AIS detection payload, which has significantly enhanced vessel detection and tracking performance and utilizes high-speed communications to frequently downlink information to our ground stations around the world. This increased our total satellite constellation to five assets.

In January 2013, we released our geospatial web service delivery capability. This represented our first product diversification away from a streaming data feed of AIS messages and presented users with an on-demand, DaaS access point to ship movement information that conformed to open standards for machine-to-machine communication.

In May 2013, we entered into a strategic collaboration agreement with Software Radio Technology plc ("**SRT**") aimed at optimizing the reception of transmissions from low-powered, low-cost AIS transponders (known as "**Class B**" transponders) from space. SRT is the leading provider of Class B AIS transponders, identifiers and other AIS-based products to the global market. Major vessels use Class A AIS transponders, while smaller vessels do not. The ability to reliably receive AIS transmissions from Class B transponders from space is expected to significantly increase the number of vessels being tracked and enable countries to significantly improve their vessel monitoring capabilities.

In June 2013, we opened our European data operations and applications development business in Harwell, U.K., through our Subsidiary. Later that year, our Subsidiary was awarded a multi-million dollar applications development contract

by the ESA. In November 2013, we successfully launched another advanced AIS satellite. The addition of this spacecraft, and the elimination of the two satellites providing leased capacity from 2010, brought our constellation to four satellites.

In July 2014, we announced a strategic alliance with Genscape Inc., ("**Genscape**"), a leading real-time energy information supplier to commercial markets. Genscape, having acquired our existing partner who provided the use of certain terrestrial stations, currently provides what we believe to be the most extensive terrestrial AIS information available as well as expansive ship information.

Also in July 2014, we reached an agreement with the European Space Agency ("**ESA**") under which we and the ESA would co-fund a new advanced AIS satellite. Although the ESA has not expressed any official views as to its characterization of the agreement, the agreement allows us to provide S-AIS data services to the European Maritime Safety Agency ("**EMSA**") to support all of the European Union maritime agencies.

In December 2014, we announced the successful integration of three advanced in-orbit AIS satellites into our constellation pursuant to a contract under which we purchased one such satellite and exclusively licensed data from two more. The data from these three additional AIS satellites significantly increased the capacity of our global vessel monitoring service, expanded our constellation to its current total of seven satellites, and further enhanced our world-leading AIS message detection performance from space.

On June 8, 2015, we entered into the Harris Agreement pursuant to which Harris will develop, deploy and operate the Second Generation Constellation consisting of 58 maritime satellite payloads and provide raw output data to the Company for sales into the global marketplace. See "Business of the Company — U.S. Government Customers and Market", and "Business of the Company — Second Generation Constellation" for more information regarding the Harris Agreement.

On June 23, 2015, we filed a preliminary prospectus (as amended on July 8 and July 13) in respect of a proposed initial public offering (and a secondary offering by our Principal Shareholders if an over-allotment option was exercised). On July 31, 2015 we announced the postponement of the initial public offering due to challenging market conditions, and subsequently withdrew our prospectus on October 8, 2015.

On September 28, 2015, we successfully launched exactView-9 (EV9) into a near-equatorial low earth orbit from the Satish Dhawan Space Centre in Sriharikota in India aboard the Indian Space Research Organization's (ISRO) PSLV-C30 rocket. Complementing the existing polar orbiting satellites of the exactEarth constellation, EV9 orbits around the equator providing expanded and detailed AIS coverage to the busy tropical shipping regions of the world. This satellite is currently undergoing in-orbit testing and is expected to be brought into operational service at the beginning of 2016, which is expected to then bring our constellation of operating satellites to eight.

On November 5, 2015, COM DEV announced it had entered into definitive documents, including the Support Agreements, the BSA and an arrangement agreement (the "**Arrangement Agreement**") with Honeywell International Inc. ("**Honeywell**") and Honeywell Limited/Honeywell Limitée (the "**Purchaser**"), pursuant to which Honeywell, through its wholly-owned Canadian subsidiary, the Purchaser, will acquire all of the issued and outstanding common shares of COM DEV and the parties will complete the Spinout Transaction.

On November 23, 2015, exactEarth announced that it is investing AUD$2M to secure a minority ownership position in technology company, Myriota Pty Ltd of Adelaide, Australia ("**Myriota**"). The business focus of Myriota is to utilise advanced signal processing intellectual property developed at the University of South Australia (UniSA) in order to develop advanced terminals, infrastructure and applications for the fast growing Satellite Internet of Things (SIoT) global market. This core IP has been developed to create a disruptively low-cost solution for this marketplace which will have the capability of supporting many millions of global users. Myriota is particularly focused on the location tracking and sensor data applications markets.

Our Shareholders

As of the date of this Circular and up and until the Effective Time, we will be jointly owned by COM DEV (73%), based in Canada and Hisdesat (27%), based in Spain.

COM DEV has been a world leader in the design and manufacture of satellite subsystems for over 40 years. Their technology has reportedly been incorporated on more than 950 spacecraft, including over 80 percent of all commercial communications satellites ever launched. As a key supplier to virtually all of the world's satellite prime contractors, COM

DEV has established a reputation for quality in an industry where reliable performance is an absolute imperative. For its fiscal year ended October 31, 2014, COM DEV reported that it earned annual revenues of $208 million and that it had over 1,200 employees at facilities in Canada, the United States, the United Kingdom, India and China.

Hisdesat was founded on July 17, 2001 as a government satellite services operator to act primarily in the areas of defense, security, intelligence and foreign affairs. Hisdesat has been providing secure satellite communications services to government customers in Spain and other Western-allied countries since 2001. Hisdesat specializes in the acquisition, operation and commercialization of systems orientated to space, with the purpose of providing strategic and communication services, for both civil and military applications. See "Principal Shareholders."

Our Business Model

Our business model was originally purposed to deliver AIS messages received in space to customers via a fast, secure, streaming data feed on an annual or multi-year subscription contract. The initial focus of our business was our customers' maritime domain awareness systems, including improved vessel management, scheduling, environmental protection, search and rescue operations, and defence and border securing applications. This subscription-based model remains a large part of our business accounting for 80% of annual revenue in fiscal 2014.

We also provide flexible models of Internet delivery based on open standard web services for the markets we serve who are not particularly interested in AIS, but are focused on general ship tracking. This model has allowed us to offer flexible pricing based on the number of vessels tracked and the amount of data consumed. This is one example of our DaaS offerings which allows us to lower the entry price to access our products as well as diversify our services to reach an increasing wider audience.

Furthermore, by transforming the AIS messages into a ship-centric format, we are now able to combine our AIS data with other data sources to process such data with Big Data analytic engines, and correspondingly provide services that deliver more insightful intelligence into ship movements and behaviours. We term this value-added model IaaS.

As data volumes continue to increase, we have identified the needs of many of our customers for a platform to offer access to this data via the Internet. In response, we deployed our ShipView product, an advanced map-based viewing platform accessible via the Internet, in April 2014. This is an example of our SaaS offering.

We have recently begun to mine and perform Big Data analytics on the AIS data being collected for our customers. We provide these value-added IaaS products on a subscription and recurring revenue basis.

Cost Structure

We have made significant investments in the past in the acquisition and launch of satellites, and the installation of ground stations and data processing equipment. For those ground stations that we do not own, we have entered into agreements where we pay a fixed amount in exchange for a set number of satellite passes (data downlinks). Our modern automation tools allow for a small number of employees to operate our infrastructure, including our satellites, ground stations and processing facilities.

The Harris Agreement, announced on June 8, 2015 significantly augments our current capacity by giving us access to Iridium NEXT. As part of this agreement, we will pay Harris certain fixed amounts which vary depending on the successful commissioning of the Second Generation Constellation. See "Business of the Company — Markets and Customers."

In relation to the historical investments already made in our First Generation Constellation, the expected payments to be made to Harris for the Second Generation Constellation, and the fixed nature of our employee and ground infrastructure costs, our operating costs are not expected to change significantly in relation to the ramp-up expected in the amount of data we intend to collect and process.

Products and Services

We have grown from our initial single raw data service product offering into nine separate and distinct product offerings and we now serve approximately 250 customers including approximately 120 subscription customers. We divide our products and services into three segments: Subscription Services, Data Products and Other Products and Services. With

our AIS data set, we are able to answer many questions that our customers may ask regarding maritime information, including but not limited to questions with respect to: maritime security and unusual or illegal behaviour, search and rescue and emergencies; arrival times at various port authorities and related delays; customs and the transport of unusual cargo; source and value of cargo; length of the ship journey and final destination; insurance in the event of unplanned routes or unanticipated risks; and environmental compliance.

Subscription Services

exactAIS®

Our exactAIS product, both the original and premium version thereof, is a subscription data service providing customers with a continuous data feed which distributes AIS messages received from ships all over the globe organized using our patented detection and de-collision technology. exactAIS enhances maritime domain awareness with the highest levels of technical capability, secure distribution of information and a commitment to service quality.

We offer a premium version of our exactAIS product, where we combine our S-AIS data with terrestrial AIS data from our partner Genscape's global coastal AIS network. This allows us to provide detailed coverage close to ports, as well as a global view covering ocean areas beyond the sight of the coastline.

The exactAIS service provides the following AIS message content:

Message Categories	Example Contents
Position Reports	• Transponder ID (MMSI) • GPS Position • Course • Speed • Rate of Turn
Static/Voyage Reports	• Transponder ID (MMSI) • Name • IMO Number • Call Sign • Length • Destination • Cargo • Estimated Time of Arrival
Aids to Navigation (AtoNs)	• AtoN ID (MMSI) • Type • GPS Position • Status
Search and Rescue Aircraft	• Transponder ID (MMSI) • Name • GPS Position • Altitude • Speed
Safety	• Text messages related to safety broadcasts
Binaries	• Encoded messages

exactAIS Geospatial Web Services™

Raw AIS messages are important and well understood in certain market segments, with existing systems and infrastructures already in place to readily accept and use them. However, in other maritime related sectors where customers wish to receive information about ship movements and behaviours, AIS is not well understood. In such instances, the raw AIS data needs to be transformed into understandable ship-related information and delivered in a more generic information technology environment. Additionally, in these new markets, the customer infrastructure is not necessarily in place to receive and process very large volumes of data being continuously streamed and consequently an on-demand service is required. Interoperability of both systems can often be a bottleneck, particularly with respect to geospatial (mapping), hampering the integration of new data sources, such as S-AIS.

exactAIS GWS translates raw AIS data into readable ship-related information and delivers this data in a more generic environment. This product caters to customers who do not have the existing systems or capabilities to store and process the large amounts of data from our raw AIS data feed. This is an example of our value-added DaaS business.

exactAIS GWS is a customizable, on-demand data distribution model that allows users to easily access and integrate near real-time ship information into their existing geospatial mapping platforms such as Esri and Google Earth. exactAIS GWS returns maritime vessel information on-demand to a customer in response to a query using standard web service protocols across the Internet. For example, rather than stream all AIS messages for a region to a customer system, a customer could use exactAIS GWS to return ship movement information specifically for tankers in open oceans that are travelling at speeds of less than 5 knots, which could be an indication of a vessel in distress.

exactAIS GWS is certified to Open Geospatial Consortium ("**OGC**") standards, which ensures compatibility with all major mapping systems, exactAIS GWS offers a web services solution that allows instant access to ship information in an on-demand machine-to-machine IT environment.

Currently three services are delivered in this manner: (1) Latest Vessel Information (LVI); (2) Historical Vessel Positions (HVP); and (3) Historical Vessel Tracks (HVT).

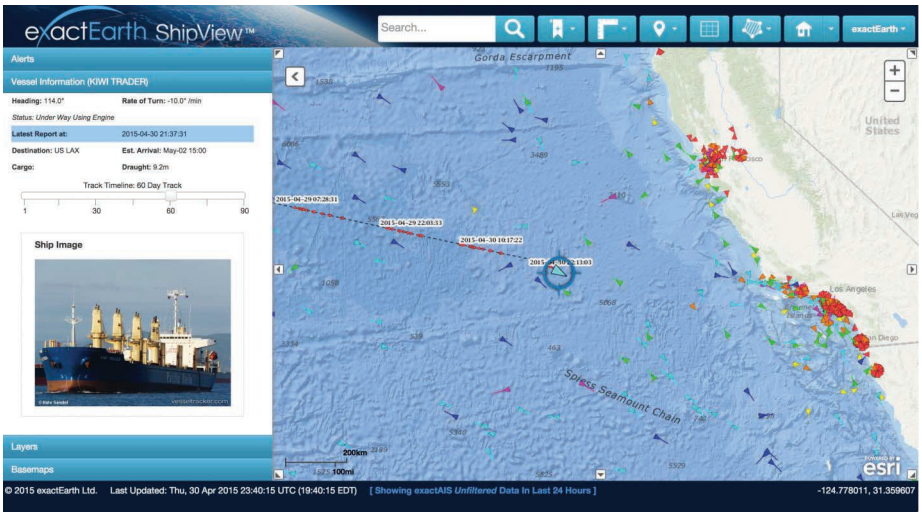
<u>exactEarth ShipView™</u>

exactEarth ShipView is a modern web-based viewing tool that allows users to access the ship information derived from our AIS data sources within an easy-to-use mapping environment. This is an example of one of our SaaS offerings, as our data is made available through any browser or modern mobile device with familiar map navigation tools, making navigation simple and intuitive. This is an example of our SaaS offerings.

ShipView provides users with online access to live ship tracking information along with 90-days of historical information which helps users to better understand traffic patterns and behaviours. Users are able to create custom views based on simple or complex rules and groups to quickly enhance situational awareness and improve the decision making process. Filters and rules may be set, which invoke our alerting engine to notify the user when these rules are broken.

Other features of ShipView include single line searching similar to popular search engines allowing users to find ships by any attribute name, such as Flag, or destination. Once information of interest has been identified, users may download relevant ship data and the ability to add external map layers allows for seamless interoperability.

exactEarth ShipView Product



Source: exactEarth

exactAIS Trax™

exactAIS Trax collects encoded AIS information from small vessels equipped with the Class B AIS transponder, developed in conjunction with SRT. This service delivers data which augments the information collected by our regular AIS and GWS data services, providing additional vessel behaviour insight and integration with existing operational systems, as the reports are delivered in the same recognizable formats as traditional AIS data. This is an example of one of our DaaS offerings.

Information Services

We have begun to provide our customers value-added Information-as-a-Service offerings based on Big Data analytics and our processing of the raw AIS data being received through our exactView processing chain. These services can be broadly split into three initial categories: (i) Positional Anomaly Services; (ii) Knowledge Attributes; and (iii) Voyage History and Behavioural Reports.

Positional Anomaly Services detects and reports on suspicious and/or erroneous AIS location messages based on advanced digital processing of the true behaviour and movements of the vessels regardless of the abnormal information being transmitted. Such services are of particular interest to our customers in the surveillance and security markets. We produce daily reports for our customers on such behaviours and anomalies on a subscription basis.

Knowledge Attributes is a term we use for the information that we derive from new and interesting aspects of ship behaviour. This extra information is stored and delivered to customers as additional knowledge. Ship rendezvous, ships stopping in the open ocean, and ships deviating from shipping lanes are all examples of value-added information in the form of Knowledge Attributes that are being made available, on a subscription basis, to customers.

We also have the ability to provide Voyage History and other Behavioural Reports across many market sectors and this is a rapidly growing part of our IaaS platform. Such reports range from providing information on all ships heading towards a particular location, along with estimated times of arrivals, ships transiting or encroaching a specific area of ocean, or historical look-backs to the ports visited by selected ships over a period of time, and additional information on the amount of time spent in each port. We have provided ship lists of those vessels in the vicinity of cable breaks and oil spills to aid in the identification of potentially responsible parties, and also reports on particular activities such as fishing. As our Big Data analytical capabilities improve, we see the potential for more complex reports to be produced to serve wider user communities.

Data Products

exactAIS Archive™

We have been collecting operational AIS data from the exactAIS service dating back to July 5, 2010. Our archive of information now includes over 6.5 billion S-AIS messages. Management believes the exactAIS archive represents the most complete record of maritime vessel movements on a global scale. With access to this archive, customers can exploit the rich exactAIS dataset to gain improved historical insight and knowledge in their maritime areas of interest. This is an example of one of our DaaS offerings.

exactAIS Density Maps™

Customers may not have the expertise or processing capabilities to fully review our extensive and growing archive without assistance. As a result, we have developed a simpler, summary view of the information contained in our archive to allow a wider breadth of customers to understand the potential value of such an extensive historical data set. By offering this service we remove the complexity, time and effort of turning millions of AIS messages from our historical archive into individual geospatial maps and deliver an information service that is easily consumed and understood by the simplest of customer information technology systems. This is an example of one of our DaaS offerings.

exactEarth Density Map

Source: exactEarth

Other Products and Services

We have leveraged our leading position in the commercialization of AIS to generate income from special projects with governments and space agencies to research methods and applications around the S-AIS business. We see this continuing as our ability to collect ever more detailed and sophisticated AIS data increases.

As we develop our ability to mine and process the S-AIS data, we also find customers requesting specific analysis and reporting contracts. We see this consultancy services business growing into the future.

Business Strengths and Competitive Advantages

We believe that the following key competitive strengths have allowed us to build and maintain our leading market position:

Our patented and proprietary technology allows us to deliver best-in-class S-AIS capabilities

We have developed advanced digital signal processing capabilities focused on the reception and resolution of high volumes of low-powered, uncoordinated signals in space. This technology has allowed us to develop superior S-AIS ship tracking capabilities, which deliver the most comprehensive maritime dataset, covering incrementally more maritime vessels and offering the highest fidelity tracking of ships across the globe. This technology exists both in the form of patents and trade secrets and has allowed us to develop a technique for tracking small vessels using lower-powered AIS transponders with a high detection rate — a capability we believe is unique to us. We believe that with further evolution of this technology, it can be applied to the more general application of tracking and sensor data aggregation via satellite utilizing suitably designed very low power and very inexpensive tags as part of the much broader IoT market. It is our intention to further develop our core technology with this goal in mind.

Our premium service offering positions us as the market leader in S-AIS maritime tracking with a trusted brand and reputation

We have a strong heritage and brand which we have built over the last five years by focusing on our core capability and delivering quality service to our customers. We have become widely recognized as a leading focused S-AIS data service provider. As a result, we have become a market leader in the development and education of the S-AIS market.

Management believes we provide the premier maritime surveillance service to the S-AIS market as measured by first-pass detection performance. In a typical seven-day period, we track approximately 165,000 AIS-equipped vessels. In a typical day, we receive approximately 8 million AIS messages.

In addition, we have what we believe to be the largest and most complete global archive of ship behaviours over the last five years, with more than 6.5 billion S-AIS data records archived. This archive contains a comprehensive view of the movements of AIS-equipped global fleet over the last five years. Since we commenced commercial operations in 2009, we have tracked more than 300,000 unique vessels. This capability is further enhanced by our patented capability to track small vessels in the open ocean utilizing a new class of specially modified Class B AIS transponders. We anticipate that with this added capability, from the estimated 11 million total global marine vessels, our addressable market will increase to more than one million vessels by 2020.

We have also expanded our service offerings from raw data provision to value-added information services, including IaaS and DaaS delivery. These services are designed around flexible standards-based delivery methods ensuring ease of implementation and therefore rapid deployment to consistently grow and retain our customer base and position ourselves in the larger markets relating to Maritime Information and Analytics.

We have also taken a leadership role in industry and regulatory standards evolution in such organizations as the IMO, the International Association of Marine Aids to Navigation and Lighthouse Authorities, the Radio Technical Commission for Maritime Services and the Open Geospatial Consortium. Management believes our brand has become synonymous with high-quality product and customer service. Management believes we are viewed as the market leader in terms of revenue, market share and number of customers, and also recognized as an AIS Centre of Excellence with a broad range of AIS technical and operational expertise.

Our services are also characterized by high-quality service levels. We have provided a continually operating, highly reliable service with greater than 99% uptime in service availability over our 5 years of operation. In addition, we provide 24/7 customer service from a dedicated team of product experts.

The recent announcement of the Second Generation Constellation on-board Iridium NEXT pursuant to the Harris Agreement is expected to produce service performance and reliability levels superior to what is available in the market for S-AIS systems today. It is expected to deliver even higher detection performance than our current system, producing real-time capability for S-AIS vessel tracking that further distances us from our competition and increases our potential in the wider traditional ship tracking market. In addition, this will allow us coverage of the entire maritime VHF band, and not just the AIS frequencies, thus allowing for the development of other VHF-based vessel data services.

Strong global customer base utilizing our services primarily with subscription based revenues

We currently have a customer base of more than 120 global subscription customers and have more than a 70% share of the commercial S-AIS data services market. Approximately 80% of our revenue for the year ended October 31, 2014 was in the form of annual service subscription revenues from these customers. Since our inception we have focused heavily on securing the government market for AIS data services and as of May 31, 2015, we provide AIS data services to more than 80 government agencies in 39 countries around the world. This strong government customer set provides an excellent reference base both for securing additional government customers and to upsell additional data services to this customer base. Select customers include Canadian National Department of Defence, Australia Maritime Safety Authority, South African Maritime Safety Authority, Argentina Coast Guard, Argentina Navy, US Coast Guard and US Border Protection.

There are significant barriers to entry with large investments required to compete

There are significant barriers to entry for would-be competitors with respect to the capabilities that we are delivering to the market. The provision of a satellite system requires lengthy regulatory spectrum and license filings and associated capital expenditures and deployment periods. Additionally, our signal processing detection technology is protected by patents and requires the availability of a significant level of signal processing capacity. The implementation of such a capability requires either that the full spectrum received by the satellite is sent to the ground for processing, which requires a higher level of licensed spectrum for downlinking, or it requires a large spacecraft platform with sufficient power and mass available to support this level of processing, such as Iridium NEXT.

Management believes it would be very difficult and expensive for any competitor to duplicate the unique attributes of Iridium NEXT (given the number of orbiting satellites, its high power, stable orbits and inter-satellite links for real-time

capability) which we will be utilizing to produce the Second Generation Constellation maritime data services. This new platform will provide high detection performance, real-time and full maritime VHF frequency band coverage. Due to the low frequencies involved in these VHF maritime and S-AIS data services, it is not technically feasible to support these services from geostationary orbit satellites, without very large antennas, which would be a costly and unproven approach.

We employ a proven management team and expert technical staff

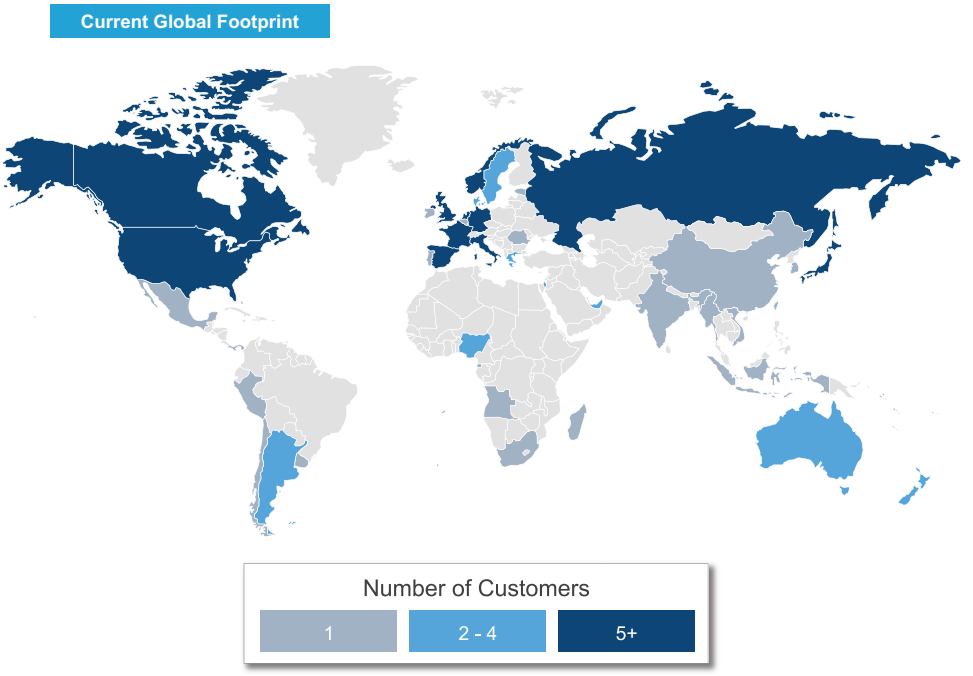
Our management team collectively has more than 100 years of experience in LEO satellite and geospatial data services. Our management team has taken our business to positive EBITDA performance in less than five years. In addition, our technical staff has developed world-leading expertise in S-AIS technology, service operations and the associated digital signal processing technology. Our team has developed and deployed the global satellite, ground station, data networks and data processing infrastructure required for our business. Our team has also developed the DaaS and IaaS products utilized in developing our global market and customer base for S-AIS data services.

Markets and Customers

We primarily service three market segments: Government (excluding the U.S. Government), Commercial and U.S. Government, which are further outlined in our Market Overview. Our Government markets (including the U.S.) contributed 77% and our Commercial markets contributed 23% of our fiscal 2014 revenues. Since we began commercial operations, we have retained over 90% of our government customers.

In general we serve our customers using a mix of direct sales, channel partners, and third-party resellers, which comprised approximately 47%, 42%, and 11% of our customers, respectively, for the 9 months ended July 31, 2015. Direct sales are a result of our own internal sales team efforts, while resellers employ their own sales force. Channel partners sell our products under their own brand names and may augment our product offering or offer additional support related services.

We sell to the Government market (excluding the U.S. Government) directly using a mix of direct sales and third-party resellers. For the commercial market segment, we seek to distribute our data through channel partners such as Genscape/VesselTracker. Under the recently announced Harris Agreement, Harris has the exclusive right to sell our products to the U.S. Government Market.



Government Customers and Markets (excluding U.S.)

As the primary source for S-AIS data delivery, we have more approximately 275 global customers, ranging from national governments, to coast guards, to individual merchant fleet operators. To date, a large portion of our business serves

government customers, to whom we supply data services for a variety of critical operations under a number of government contracts around the world. Below, we have outlined some of our key government relationships.

Canada

The Canadian Government was our largest customer in fiscal 2014. Since establishment, they have remained an important and major customer to us and we continue to provide our S-AIS data to them on an ongoing basis. Below, we have outlined some of our major contracts with the Canadian Government to demonstrate our long-term client relationship and continued delivery of quality service.

In February 2010, we signed a contract to provide S-AIS data to the Canadian Space Agency (the "**CSA**"). At the time, the newly collected data for this Canadian government contract represented the first use of our new multi-million dollar, highly secure DPC in Toronto that had just become operational.

In March 2011, following an open competitive tender, the CSA awarded us a Standing Offer to provide S-AIS data sets. Under the term of the contract, we supply an operational data feed to the Marine Security Operation Centre. The data is available for all Government of Canada agencies and departments and has been used to support security and surveillance, environmental and fisheries protection and enforcement, Arctic monitoring and search and rescue events. Additionally, large quantities of exactAIS historic data have been procured and delivered to the CSA. The historical data sets are widely used for vessel traffic analysis and modeling that includes measuring trade efficiency, emergency response and pollution monitoring.

In September 2014, we were awarded a major contract by the Government of Canada to continue to provide extensive advanced S-AIS data services through to the end of March 2016. Under the new contract our full exactAIS data service is made available to all Canadian government departments for a wide range of applications including but not limited to wide-area maritime surveillance and security, customs and border protection, Arctic vessel traffic monitoring, fisheries and environment monitoring as well as search and rescue. Management believes the Government of Canada will procure a continuation of this service on market terms at the end of this contract period.

NATO

In June 2012, we secured an important contract with the North Atlantic Treaty Organization ("**NATO**") for the provision of S-AIS data to NATO (and certain divisions thereof) who provide specialist maritime expertise and help preserve peace and security to Alliance Member States. The contract award was the result of a competitive bid among providers of S-AIS data services.

South Africa

South Africa's proximity to some of the world's busiest shipping lanes and its vast area of search and rescue responsibility make effective maritime surveillance a high priority.

Our initial involvement with the South African Maritime Safety Authority ("**SAMSA**") commenced with an operational evaluation in 2010. We were pleased to contribute to security efforts associated with the 2010 FIFA World Cup tournament with the supply of our exactAIS data service to SAMSA, which was later successfully integrated into SAMSA's operational maritime systems.

In October 2011, we entered into a long term contract with SAMSA to supply our exactAIS service into the Centre for Sea Watch and Response, which is responsible for maritime situational awareness across the South Africa search and rescue region. This service has enabled SAMSA to provide enhanced search and rescue support for vessels requiring assistance, and for other various maritime operational needs.

Australia

The Australian Maritime Safety Authority ("**AMSA**") is tasked with ensuring the safety of, and providing other services to, the Australian maritime industry. With exactAIS data, AMSA now has access to a complete maritime picture as it monitors the vast coastlines of Australia. exactAIS data provides access to vessel track data to AMSA officers needing real-time data viewing as well as historic vessel track analysis. The data will be used in a variety of applications including search and rescue, environmental implication analysis, ship routing, vessel traffic services as well as pilotage compliance.

Commercial Customers and Markets

There are seven primary commercial market verticals that use maritime information services: commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting; and other academic and research institutions.

Our commercial clients span each of these seven primary markets with our biggest footprint in the business intelligence and risk management segment serving traders and financial analysts, with logistics and port management being identified as the largest potential areas of growth. Our commercial customers comprised 23% of our fiscal 2014 revenues.

For competitive reasons, our primary commercial customers do not permit public disclosure about the sources of their information. However, our data is used in a number of prominent databases for market traders to provide accurate and up-to-date information on the movement of goods across the ocean.

U.S. Government Customers and Market

Historically, we have worked with limited U.S. Government customers and users, including the United States Coast Guard ("**USCG**") and the United States Navy, where we provided data on a number of projects including the Marine Exchange of Alaska ("**MXAK**") and the U.S. 6th Fleet African Outreach Project.

In 2011, the United States Navy' Sixth Fleet sponsored the African Maritime Outreach Project to address the problem of "borderless oceans", maritime problems which transcend international boundaries. Key to the project's success was the ability to visualize data in relation to critical infrastructure, marine protected areas and Economically Exclusive Zone boundaries, where we provided the U.S. Navy with S-AIS data feeds in order to aid the African Maritime Outreach Project.

In 2013, we worked with MXAK to form the Alaska vessel tracking alliance, providing services that aided in safer maritime operations in the North Pacific and Arctic Oceans. The USCG Command, Control and Communications Engineering Center awarded a contract to the MXAK to provide our S-AIS data for the USCG Nationwide AIS program.

On June 8, 2015, we entered into the Harris Agreement pursuant to which Harris will develop, deploy and operate the Second Generation Constellation consisting of 58 maritime satellite payloads and provide raw output data to the Company for sales into the global marketplace. As outlined below, the Second Generation Constellation is expected to provide very significant performance and capability enhancements as compared to the First Generation Constellation and management believe that these enhancements will open up significant additional market potential for the business and provide some unique competitive advantages for the business over the lifetime of this system. The Second Generation Constellation is expected to be deployed over the next two and a half years and to have an operational life of an additional 12.5 years or more. Under the Harris Agreement, as further described below, exactEarth will have exclusivity with respect to the commercialization of all data produced by the Second Generation Constellation for all global government and commercial markets with the sole exception of the US Government market where Harris shall have such exclusive commercialization rights. With respect to data sales under the Harris Agreement a cross revenue sharing arrangement is defined, as further outlined below, which allows each party to benefit from all data sales made. It is important to note that no revenue shares are paid with respect to any value-added products which are derived from the data by either Party and commercialized – only on sales of the data itself.

The Second Generation Constellation is expected to consist of 58 operating maritime satellite payloads that will be hosted on the IridiumNext satellite constellation which is a $3 billion LEO satellite constellation that is currently under construction to replace Iridium's existing in-orbit first generation system. Under the agreement Harris is responsible for building, deploying and operating these maritime payloads and providing the raw output data to exactEarth. In the construction of these payloads Harris is able to use the proven and patented exactEarth vessel detection technology which is licensed to Harris under this Agreement for this purpose. These payloads will cover the entire maritime VHF frequency band of more than 100 channels – versus the six channels covered by our First Generation System – and with 58 satellites will provide continuous coverage of the entire globe including the polar regions. In operation the data produced by these maritime payloads in orbit will be routed to the ground via the Iridium global satellite network. One of the unique aspects of the Iridium satellite system is that each satellite in orbit is connected to its neighbours through inter-satellite communications links. This allows data collected by any satellite over any part of the earth to be immediately relayed across the satellite network and down to the ground without any time delay – or 'latency' as it is called. In addition since the IridiumNext satellites will have the capability to link into the existing in orbit Iridium satellites(Iridium first generation satellite constellation) this 'no latency' feature will be available even on the initial IridiumNext satellites deployed and does not have

to wait until all the IridiumNext satellites are in orbit. This feature will allow exactEarth to provide data to customers with essentially no latency which management believes is an important differentiator for many maritime markets where 'actionable' information is required.

Management estimated that for exactEarth to have built and deployed its own second generation system of 58 satellites and associated ground system would have cost more than $ 400 million and taken 7 - 10 years to deploy. In addition, such an approach, exactEarth would have to bear the financial risk of any cost overruns encountered. In contrast to this under the Harris Agreement exactEarth makes three types of payments: (i) a US$10 million payment of which US$7 million has already been paid and the remaining US$3 million is to be paid by June 20, 2016; (ii) a payment of US $50,000 per year per operating Second Generation Constellation payload which moves to an annual level of US$3 million per year once full constellation performance is achieved (this is called IOC) with all of these amounts paid on a quarterly basis; and (iii) a share of the revenue achieved from sales of data which again is determined on a pro rata basis to the number of Second Generation Payloads that are in service until the full constellation performance is achieved (IOC) after which this revenue share level is fixed. In this manner exactEarth is able to fix the required payments and to spread them over the next 15 years to the expected end of life of the Second Generation Constellation, as opposed to funding a second generation constellation on its own with a significant near term capital expenditure. A major constellation such as IridiumNext is designed for a long lifetime and also each satellite is equipped with sophisticated on-board propulsion systems in order to maintain their orbital locations over these long lifetimes as opposed to microsat systems such as the First Generation Constellation which have shorter lifetimes and drift from their original orbital location. It is indeed possible that the Second Generation Constellation will operate significantly beyond its design lifetime, as the Iridium first generation constellation has been in full operation for almost 20 years and is, per Iridium management statements, expected to last for at least several more years yet. Under the Harris Agreement the Parties are to meet 5 years before the expected end of life of the Second Generation Constellation to discuss the specifics of a third generation implementation with the intent that this agreement would carry on.

Also under this agreement, Harris is provided with historical data and data feeds from the First Generation Constellation and is the sole distributor of this data and of data from the Second Generation Constellation to the US Government. In this respect under the agreement Harris makes two types of payments to exactEarth: (i) A one-time payment of US$2.5 million which was received in July 2015 for the purchase of a license for two years of archive data which they can resell to the US Government, exactEarth delivered half of this data to Harris in Q3 2015 and the other half in Q4 2015, and (ii) a revenue share related to all sales of First Generation Constellation data(including archive data) or Second Generation Constellation data to any branch of the US Government. For this reason, under the agreement exactEarth is obligated to continue to operate the First Generation Constellation until the Second Generation Constellation reaches its full operating performance service level (IOC) which as previously mentioned is expected to be 2.5 years from now but may take longer. After IOC is achieved exactEarth is no longer obligated to operate the First Generation Constellation. It is management's intention to repurpose the First Generation Constellation to derive revenue streams from market segments not covered by the Harris Agreement likely in the Satellite Internet of Things market.

Accordingly management expects the business to derive the following benefits from the Harris Agreement and the resulting Second Generation System:

(i) Real time Service Level: The Second Generation Constellation is expected to provide real time global vessel data collection capability with almost no latency from a high reliability global satellite system. Management believes that this capability will provide a sustainable competitive advantage for the business and will allow the business to address the full vessel tracking market including those segments requiring near real time capability.

(ii) High Capacity with full VHF band coverage: The Second Generation Constellation is designed to provide this global near real time service level over the entire maritime VHF frequency band. In addition the Second Generation Constellation payloads being constructed by Harris have the capability to upload new service software to the payloads while the satellites are in orbit and to switch in-orbit between different services or to run different services simultaneously on a payload by payload basis. Management believes that this capability will allow the business to develop other vessel and/or cargo related data revenue streams over the life of the system.

(iii) Stable financial terms with risk mitigation: As indicated exactEarth will pay defined amounts spread over the life of the constellation and therefore is not exposed to the normal large upfront capex investments and potential cost overruns associated with satellite constellations. Also with respect to potential deployment delays exactEarth has a level of built-in financial 'hedging' since most of the payments under the agreement are tied to in-orbit operational payloads and will be deferred if the deployments are deferred.

Under the Harris Agreement, the parties will work together exclusively with respect to the S-AIS and satellite VHF data services markets. The parties are free to develop value-added and system products derived from this data and are not obligated to share the revenue from such value-added additional services beyond the underlying data. Our long-term goal is to derive more than 50% of our total revenue from value-added products and services.

The Harris Agreement provides for certain market segmentation between us and Harris. Specifically, we have the exclusive right to sell our own products and any future Harris AIS products to any customer other than the U.S. Government. In turn, Harris has the exclusive right to sell our products and its AIS products to the U.S. Government. Exceptions to the exclusivity provisions are permitted on written agreement between us and Harris. We have agreed to a plan to transition our current U.S. Government contracts and business opportunities to Harris. Management expects that the revenue sharing agreement included in the Harris Agreement will allow us to reach a significantly broader group of U.S. Government customers, and in turn, increase our revenues from this market. In the fiscal year ended June 27, 2014, Harris reported that it earned total revenue of approximately US$5 billion, 67% of which was derived from sales to the U.S. Government, including the Department of Defense, various intelligence and civilian agencies, as well as foreign military sales funded through the U.S. Government.

Under the Harris Agreement, we and Harris have agreed to share our respective AIS data product revenue with each other, on terms set forth in the Harris Agreement. The table below outlines the revenue sharing terms as set forth in the Harris Agreement:

Revenue Source	Revenue Sharing Agreement (Percentages of Revenue)[1][2]	
	Before IOC	After IOC
exactEarth Ltd. Payments to Harris		
All AIS Data Revenue[6]	• No revenue sharing until one year after initial payloads in service • Thereafter sharing per post-IOC levels with a one year delay[3]	• 40% on the first US$40 million of annual data revenue • 33% of annual data revenue in excess of US$40 million
Harris Payments to exactEarth Ltd.		
Revenue related to Class A Transponders	• 50% of data revenues achieved by Harris resulting from Harris data sales to the US government[4] • 33% of Class A Harris non-U.S. Government revenue[7]	• 18% of U.S. Government revenue • 33% of Class A Harris non-U.S. Government revenue[7]
Revenue related to Non-Class A Transponders	• 50% of all revenues	
ShipView™	• 50% of U.S. Government revenues related to the sales of ShipView™ licenses[4]	
Harris Proprietary Products[5]	• 5% of all revenue	
Payments related to Future Products		
Future Products	• If both parties contributed to investments required to produce and develop new product and proportion of respective contribution then the revenue shares outlined above apply • In the case where one party does not make any investment in the new product, they will be entitled to 40% of revenue from its own territory and 5% of revenue made by the other party until the other party recovers its costs plus 50% • Afterwards, normal revenue sharing applies, as outlined in the categories above	

(1) Under the terms of the Harris Agreement, each of us and Harris must meet certain minimum revenue targets. See the section titled "Risk Factors" for information related to the revenue sharing terms of the Harris Agreement.

(2) Included in revenue under this agreement is revenue derived from (a) the sales of AIS or VHF data and (b) the data portion (but not the value-added portion) with respect to sale of value added products and services. Future products which are added over time will follow this same model (i.e. revenue share on raw data content but not on value-added portion).

(3) Pre-IOC, the revenue sharing percentage is multiplied by the ratio of commissioned Second Generation Constellation satellites to the total amount of satellites expected to be commissioned as part of the Second Generation Constellation (as measured on the date one year prior to the end of our most recent fiscal quarter-end). The ratio will depend on the number and timing of satellites that are successfully launched and commissioned. The Company believes that under a best-case scenario the first batch of 10 satellites could be launched in the Company's 3rd fiscal quarter of 2016. So for illustration purposes if the first 10 Second Generation Satellites are brought into service at the beginning of Q4 2016 then with respect to AIS/VHF data revenues achieved by exactEarth during Q4 2017 exactEarth would make a revenue share payment to Harris equal to 10/58 x 40% of such revenues. No revenue payment would be due with respect to any revenues earned before that time. For revenues earned in subsequent quarters the same sharing ratio would be used unless additional Second Generation Satellites had been commissioned a year earlier in which case the revised total of operating satellites would be used and the revenue share ratio to be applied in that subsequent quarter would be similarly recalculated. (e.g. if 10 more satellites were brought into service in Q1 of 2017 then the revenue share ratio to be applied in Q12018 would be 20/58 x 40%) and so on until IOC is achieved after which the sharing ratio is 40% on the first US$10M of quarterly revenue achieved.

(4) At the beginning of the agreement a different revenue share is applied to Harris US Government revenues until the earlier of March 31, 2016 or the achievement of the "revenue trigger". The "revenue trigger" under the Harris Agreement means the time at which the combined total of: (i) 35% of the aggregate Revenue related to Class A Transponders and (ii) 35% of the aggregate Shipview revenue after June 8, 2015 meets or exceeds $790,000. Prior to the above criteria being achieved the revenue share on US Government revenues or ShipView license sales paid by Harris shall be 15%, after these criteria are achieved the revenue share shall be as shown in the table above.

(5) Under the agreement Harris has the right to utilize up to 10% of the capacity of the Second Generation Constellation for Harris Proprietary Products. Harris Proprietary Products means data products specifically generated for Harris proprietary applications by the Second Generation Constellation.

(6) As described in Note 13 (Segment and Geographic Information) in the notes to the Consolidated Financial Statements, the Company's revenue is divided into three categories based on the types of products sold. As an illustration, the revenue shares that would have applied to the financial years ended October 31, 2014, 2013 and 2012, assuming post-IOC levels, would have been approximately: (i) Subscription Services 40%; (ii) Data Products 40%; (iii) Other Products & Services 0%. The non-AIS data component of Subscription Services and of Data Products revenue would have been approximately zero since the Company's main non-AIS data product, Shipview, was released to the market late in the financial year ended October 31, 2014. The revenue shares that would have applied to the financial years ended October 31, 2014, 2013 and 2012, assuming post-IOC levels, would have resulted in all of the Subscription Services and Data Products being subject to AIS data revenue. As a reference point for the 12 months ending July 31, 2015 approximately 91% of exactEarth total revenues would have been subject to revenue share under the agreement if Second Generation Constellation satellites had been deployed.

(7) Under the agreement the Parties may agree in certain specific cases to allow the other Party to sell data within their Territory. In the event that exactEarth agrees to such exceptions then the revenue sharing terms described shall occur.

Our Responsibilities under the Harris Agreement:

- Continue operating our own First Generation Constellation until IOC;
- Operate processing centres, continuing to provide our existing products and create products, materials and enhanced datasets at our own account;
- Provide to Harris our exactView Data, generated by our First Generation Constellation which will be co-owned by us and Harris;
- Meet certain service levels with respect to the AIS products and services provided by us after IOC;
- Provide sales, marketing, customer support and technical support to customers in our territory (i.e. non-U.S. Government customers); and
- Provide a license to Harris for certain of our patented technology and protocols.

Harris' Responsibilities under the Harris Agreement

- Develop, deploy and operate the Second Generation Constellation payloads hosted on Iridium NEXT, at its own account;
- Deliver to us source data generated by the Second General Constellation; this data will be co-owned by us and Harris;
- Meet certain service levels with respect to the AIS source data and other products and services provided by Harris after IOC; and
- Provide sales, marketing, customer support and technical support to customers in Harris' territory (i.e. U.S. Government customers).

Joint Responsibilities under the Harris Agreement

- Provide ongoing technical and sales support;
- Share in future product development;
- Manage the conduct of the relationship between us and Harris through the Alliance Coordination Team (the "**ACT**"), a committee comprised of an equal number of representatives from each of us and Harris (up to three members from each) and including at least one senior decision-maker from each;
- Co-own jointly-developed intellectual property; and
- Eventually plan for a future generation of satellite constellations.

Payments under the Harris Agreement

In addition to the revenue-sharing payments described above, the Harris Agreement contemplates certain payments between us and Harris:

Pre-IOC

- We will pay Harris US$10 million in commitment fees in a number of installments by June 20, 2016, of which US$7 million has already been paid and of which the remaining payment of US$3 million is due on June 20, 2016;
- We will pay Harris US$50,000 per year for each satellite put in service as part of the Second Generation Constellation (up to US$750,000 per quarter); and
- Harris made a US$2.5 million one-time payment to us in July 2015 as consideration for co-ownership rights to our historical AIS data for the two year period preceding the agreement and in respect of our placing our disaster recovery and backup media items into escrow. We delivered one year of this archive during our fiscal Q3 and expect to deliver the second year during fiscal Q4 2015.

Post-IOC

- We will pay Harris US$3 million annually, payable in quarterly installments.

Following the fifth anniversary of IOC, we are required to generate a minimum of US$51 million in annual revenue, while Harris is required to generate US$14 million in annual revenue, in each case in respect of products contemplated under the Harris Agreement. If a party to the Harris Agreement does not meet the minimum annual revenue requirements and also fails to achieve a sufficient share of the total commercial S-AIS market as determined by the ACT, then the defaulting party

shall elect either to (i) forego exclusivity in its territory, following which the non-defaulting party must pay to the defaulting party 33% of the non-defaulting party's revenue generated from the territory that had formerly been exclusive to the defaulting party, or (ii) pay to the non-defaulting party an amount equal to the revenue share that would have been payable to the non-defaulting party had the minimum annual revenue target been met. Additional conditions are described in "Risk Factors".

The Harris Agreement remains in effect until the later of 12.5 years after IOC, or when the Second Generation Constellation does not meet certain service levels. We are restricted from entering into business arrangements that are contrary to, or that conflict with the Harris Agreement, and have agreed to participate exclusively with Harris during this period. The Harris Agreement relies on the deployment of a satellite constellation and certain advanced technology. As such, it carries various risks which are further described under "Risk Factors".

IP and Technology

We have developed a significant portfolio of intellectual property and expertise unique to our business. The key areas covered are described below.

RF Signal Analysis

We have a number of proprietary tools and techniques which we have developed and utilize to ensure that the spacecraft we employ in our infrastructure deliver the highest quality of AIS message detection available. These tools and techniques have been reduced to equipment and procedures that allow them to be utilized on a variety of spacecraft and testing environments.

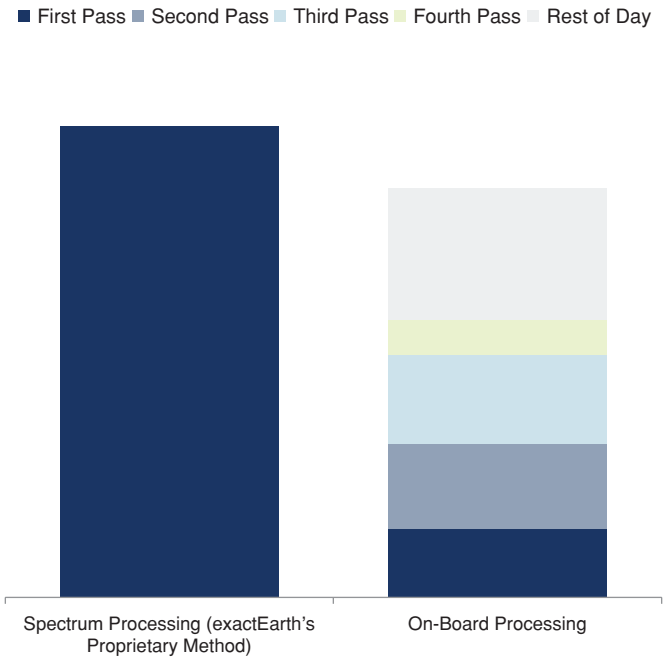
Digital Signal Processing

One of our key distinguishing capabilities is our Digital Signal Processing. Digital Signal Processing refers to the application of sophisticated computing algorithms to analog radio frequency signals that have been converted into a high fidelity digital representation.

Using the digital representation, we then use patented computer algorithms to extract useful AIS information from signals that are otherwise unintelligible to more traditional AIS message detection techniques. These algorithms are covered by our granted patents and patents pending.

An important metric that helps understand the value of these algorithms is what we call "First Pass Detection." Our patented digital signal processing techniques, which we have implemented through SDP, are able to detect the majority of the ships on the first pass. Other systems will require multiple passes during the course of many hours or even a day to detect the same ships that we are able to detect in one pass. See "Industry Overview — Assessment of the AIS Market Sector." This is illustrated in the graphic comparison below.

A Comparison of exactEarth's Proprietary Decollision Method versus Industry Method — Number of Unique MMSIs Captured per Satellite Pass in the Gulf of Mexico (April 1, 2014)



Source: exactEarth; exactEarth used its own equipment in order to produce this comparison
Note: Time elapsed between satellite passes is approximately 90 minutes

Small Vessel Detection

The collection of S-AIS is currently focused on the larger and more powerful Class A AIS transponders installed on the world's larger ships and which are more easily detected from space. However, many of the smaller, less powerful Class B transponders installed on smaller boats are also picked up by our powerful detection capabilities.

The reception of signals from Class B transponders from space has been traditionally hindered because Class B transponders transmit less frequently and with significantly lower power than Class A transponders. As they transmit less powerful signals, these boats become more difficult to consistently detect in dense areas where the stronger signals from the Class A devices tend to obscure them. Advanced Class B Satellite Enabled AIS ("**ABSEA**") is a unique new technology we have developed which enables the transmissions from AIS Class B equipped vessels to be reliably received by our global satellite network. By utilizing patented techniques, ABSEA allows terrestrial and satellite tracking of these small vessels without requiring expensive equipment and per orbit message charges for the ship owner.

First Generation Constellation Operation

We have been successful at operating a significant non-homogeneous LEO satellite constellation. The individual satellites in our constellation have differing capabilities. We have developed skills and software tools that allow us to plan and execute detailed operational scenarios. These skills and tools allow us to direct the various in-orbit capabilities to achieve the highest detection and message frequency possible with a minimum of personnel.

Big Data

Handling the increasing quantities of AIS messages being collected by our space assets has demanded that we build an information technology stack capable of processing and storing such data. Big Data is a broad term becoming more popularly used to describe data sets so large or complex that traditional data processing applications and databases are inadequate. Associated with the term Big Data are new emerging technologies and platforms that allow for the efficient management and mining of often unstructured data at such scales. We have developed expertise in these new Big Data technologies and have built storage and analytical platforms that underpin our business using these modern technologies.

Patents

Our patent portfolio is segmented into two categories: Enhanced Detection Techniques and AIS message detection and signal analysis. In addition to our current portfolio of patents, we are in the process of preparing and filing up to four additional patents.

The summaries below are of the filed submissions or final issued patents for the U.S. patent office. There are many related filings in different global jurisdictions, in particular the European Union and a smaller number in Canada, India, Australia, South Africa. The international filings are generally identical to the U.S. filing, but due to the patent examination process, sometimes the issued claims differ from the U.S. filing.

Enhanced Detection

The Enhanced Detection patents form the foundation of our ABSEA Small Vessel detection technology. These patents describe techniques which, when combined with traditional Class B AIS transponders, enable us to uniquely detect these low power transmissions through our satellite constellation.

AIS message detection and signal analysis

The suite of patents as filed in the field of AIS signal detection from space covers a wide range of techniques, algorithms, and architectures to improve the detectability of these messages from space using a range of strategies, and also to protect know-how in the area of detection of anomalous (spoofing) messages. These patents describe signal processing techniques that enhance our ability to extract AIS messages from densely populated shipping regions of the world and to extract useful signal information. The table below provides an overview of our issued and pending patents in the AIS market:

Patent Name	Patent Number/Jurisdiction	Date Granted/Filed	Status
Methods and Systems for Enhanced Detection for E-navigation Messages	8,904,257 (US)	December 2, 2014	Issued
Methods and Systems for Enhanced Detection for E-navigation Messages (continuation in part with added claims)	13/786059 (US)	October 27, 2014	Pending
System and Method for Decoding Automatic Identification System Signals	7,876,865 (US)	January 25, 2011	Issued
System and Method for Decoding Automatic Identification System Signals (continuation in part with added claims)	8,374,292 (US)	February 12, 2013	Issued
System and Methods for Decoding Automatic Identification System Signals	12/567104 (US)	September 25, 2009	Pending
Satellite Detection of Automatic Identification System Signals	12/360,473 (US) 2211486 B1 (Europe)	January 25, 2010 (US) January 9, 2013 (Europe)	Pending (US) Issued (Europe)
Systems and Methods for Segmenting a Satellite Field of View for Detecting Radio Frequency Signals	12/797,066 (US)	June 9, 2010	Pending

Method for Consistency Checking and Anomaly Detection in AIS Data	13/445,552 (US)	April 12, 2012	Issued (US) #9,015,567 B2

Systems and Infrastructure

The exactView™ system consists of LEO satellites, ground stations, global communications network, and a two Data Processing Centres. The figure below outlines these key elements of our S-AIS service.

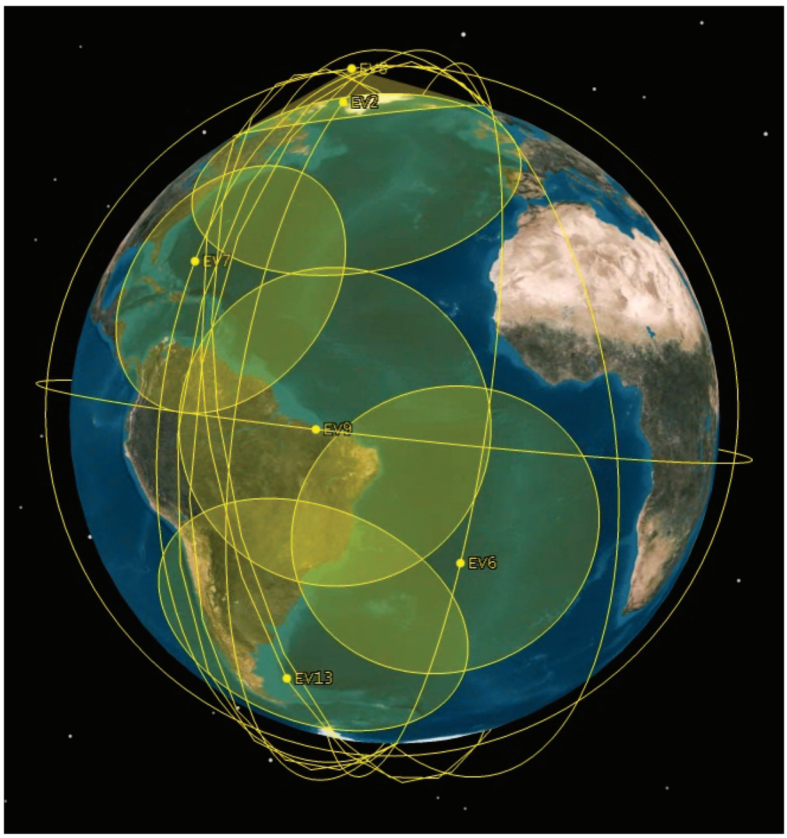
First Generation Satellite Constellation

Unlike geostationary satellites, which are used for television and fixed voice and data network communications, LEO satellites are constantly moving across the sky and are much closer to the earth's surface. Our LEO satellites orbit the earth at approximately 650km completing an orbit every 90 minutes. This means that typically, each satellite is over any given point on the earth for 10 minutes or less several times per day. At all times during its orbit, the satellite is collecting AIS signals and communicating with ground stations within its field of vision.

Depending on the satellite and its capabilities, it will either process the signals on-board the spacecraft and deliver AIS messages to the ground or transfer raw VHF signal information (spectrum) to the ground for later processing to extract the AIS messages.

The image below provides a representative snapshot of our First Generation Constellation including those satellite assets that are scheduled for launch in 2015 and 2016, bringing the expected total to 10. See "Regulatory Overview" for further details on the satellites comprising our First Generation Constellation.

First Generation Constellation
(snapshot in time)



Source: exactEarth
Note: Illustration of First Generation Constellation at completion

First Generation Constellation Assets

Satellite	Launch Year	Nature of Asset
Current Operational Satellite Assets		
EV1	2012	Own Satellite
EV2	2011	Own Payload
EV5	2013	Own Satellite
EV6	2011	Own Satellite
EV9	2015	Own Satellite
EV11	2014	Own Satellite
EV12	2013	License Data
EV13	2014	License Data
Awaiting Launch		
EV7	2016	License Data
EV8	2016	Own Payload

[1]EV8 was expected to be launched in 2015 however it has been delayed. As of the date of this Circular a new launch date for EV8 had not been determined but is anticipated in 2016. See "*Risk Factors - Delays in launching satellites are not uncommon and result from construction delays, the periodic unavailability of reliable launch opportunities, delays in obtaining required regulatory approvals, weather, timetable conflicts and launch failures.*"

Source: exactEarth

exactEarth Ground Stations

In order to get information from the satellite to the ground, an antenna capable of receiving transmissions from the satellite must be in the field of vision and tracking the satellite as it passes overhead. While overhead, depending on the capabilities of the particular satellite, it can relay the information it is collecting from the area over which it is flying and/or it can download the information it has previously collected from some other area of the earth.

We utilize a set of ground stations placed at strategic positions across the earth to maximum the ability to downlink S-AIS data to end-users. Each ground station has the ability to downlink messages from any satellite in our constellation from any location on the earth. There are no ground coverage constraints placed on our capability to deliver data to our customers.

Currently we have 25 active antennas with another 6 expected to be coming online in the next 6 months. Our ground stations are designed for highly reliable satellite payload downlinking, payload storage and payload transmission to our DPCs for processing and distribution.

exactEarth Current and Future Ground Station Network

Source: exactEarth
Note: Locations are approximate

Data Processing Centres (DPCs) and Customer Delivery

Upon reception at a ground station, the AIS information is forwarded through a secure Virtual Private Network to one of our two DPCs, both of which are located in Ontario, Canada.

At each of our DPCs, we employ an extensive, powerful and redundant computing infrastructure to host our patented processing algorithms, in order to organize and format the collected information. We then store it on our Big Data engine. This engine then distributes relevant data and information to product specific applications serving customer needs.

Our primary DPC located in Toronto, Canada is a highly secure Tier 3 facility. This centre is where all space based AIS data is collected from the satellites (and optional terrestrial commercial AIS data), and is then processed as follows:

- Data from ground stations are backhauled from their various locations to the DPC
- Pre-processing of each data set is performed to establish whether:
  - AIS Data collected from satellites using OBP are passed directly through to the customer distribution engine, or;
  - AIS Spectrum Data was received which requires SDP in order to extract AIS data from radio frequency spectrum collected from satellites. This method yields the highest detection of ships, especially in highly dense shipping areas
- Once the AIS data has been received from either method, it is then passed on to our processing and storage environment from which data and information is distributed directly to authorized customers using various methods described elsewhere which can broadly be divided into raw data and geospatial web services delivery

Second Generation Constellation

Over the last two years, we have been negotiating with Harris to design and build the Second Generation Constellation maritime satellite system auxiliary components (payloads) to be hosted on Iridium NEXT. Those negotiations were successfully concluded on June 8, 2015 with the announcement of the Harris Agreement. Harris is also the builder of the Aireon Automatic Dependence Surveillance — Broadcast (ADS-B) payload which is to be used to track global air traffic and is also hosted on Iridium NEXT. Our payload will be an additional hosted payload on-board many of the same satellites as the Aireon ADS-B payloads. It will collect information across the entire maritime frequency band.

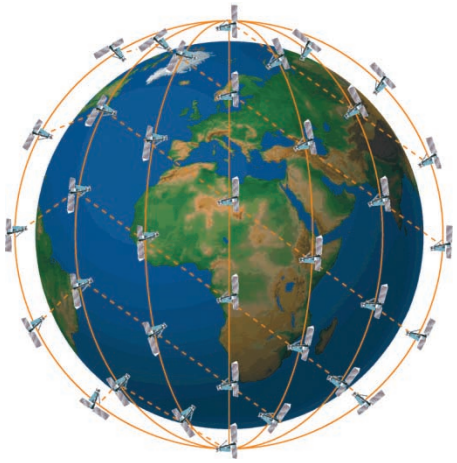
The payloads utilize Harris' powerful AppStar applications platform and is projected to employ an in-orbit version of our patented AIS SDP detection algorithms, which management believes will create an unrivaled AIS detection capability for global maritime shipping. The payloads are fully programmable from the ground, making them adaptable to the evolving needs of the maritime geospatial information market. In addition, the payloads can support multiple on-board applications that can be tailored to meet specific market needs for the sensor data collected. These applications can be planned and scheduled for operation utilizing the advanced program switching capabilities of the AppStar platform. This project results in one of the most advanced in-orbit processing capabilities conceivable and an ability to adapt and evolve to anticipated changes in the maritime marketplace.

The payloads are hosted across Iridium NEXT providing persistent coverage on a global scale via a robust satellite deployment. In the event of in-orbit satellite failures, there are in-orbit satellites that can be moved into position to restore service. In the event of a launch failure ground spares are available to be placed on subsequent launches to restore the constellations capability.

The payloads communicate through the inter-satellite links, providing constant real-time access to and from the ground. This enables real-time delivery of the collected maritime information (AIS and other maritime data) and application outputs of the payloads.

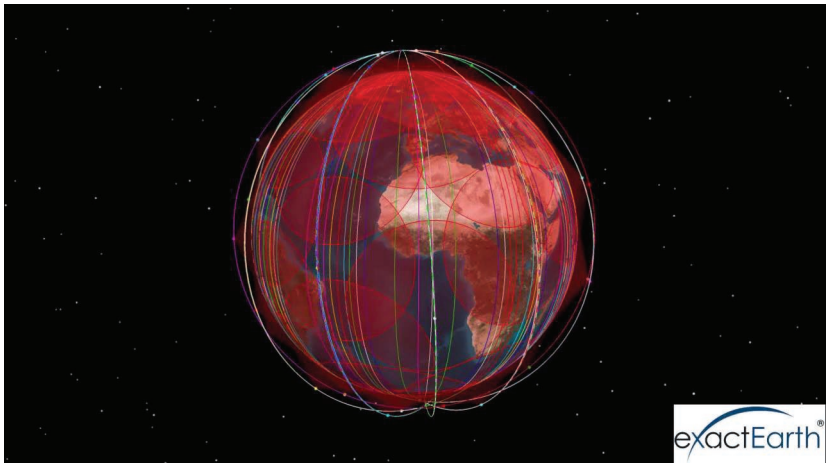
The payloads are expected to begin deployment in the fall of 2016 with full service expected by the beginning of 2018. When fully deployed, the Second Generation Constellation will provide persistent real-time global coverage with detection performance rivaling ground based systems. The robustness of the constellation, programmability of the payloads and support for multiple in- orbit applications makes this the global maritime information collection system designed to meet and exceed the needs and expectations of the world's maritime community for the foreseeable future.

Second Generation Constellation (Iridium NEXT)



Source: Illustrative representation of Iridium NEXT

Illustrative exactEarth Coverage from Second Generation Constellation



Source: exactEarth

Competition

Before the introduction of commercial S-AIS five years ago, the wholesale tracking of ships outside of the coastal zone was a very difficult and inefficient task. There were, various forms of satellite imagery that could be used to obtain a picture of navigable waters and to detect the ships occupying them. However, these forms of satellite imagery are limited in use because they provide no underlying details about the ships detected. In addition, these satellites have significant coverage limitations in that they only see small parts of the ocean at a time and are of limited tracking use.

One detection system that is in use for vessel tracking is the Long-Range Identification and Tracking (LRIT) system, which was introduced by the IMO in 2006. Under this mandate, major vessels are required to transmit their position to their flag jurisdiction four times per day. These transmissions typically use traditional satellite communication devices onboard the vessels. The data is typically expensive to collect and maintain, as its cost structure is typically based on cost-per-message. Furthermore, the data is spread among the flag jurisdictions and is limited to governmental authorities. This lends to a fragmented picture of global maritime activity, furthered by the six hour gaps between position transmissions.

Another method of tracking ships is Vessel Monitoring Systems (VMS) which is used primarily for tracking specific groups of ships or fleets. Vessels are equipped with specific satellite communication technology by which they report their position. While this technology gives a clear view of the movements of vessels, the cost of obtaining this information is relatively high as compared to S-AIS and such information is limited to the installer/operator of the system.

Vessel Tracking Systems (VTS) is a term used for the monitoring of all shipping close to shore using a variety of technologies including radar, cameras, and coastal AIS. VTS systems are costly to install and maintain but they do provide a complete view of the maritime domain within the visual limits of the coastline. However, the view ends at the horizon because of the curvature of the earth, which is not the case for S-AIS.

A summary of the various tracking technologies is given below.

Feature	LRIT	VMS	VTS	S-AIS (exactEarth)
Ships Tracked	• Large merchants (over 300 GT) • Passenger Ships • Platforms	• Individually equipped fleets	• All vessels within coastal limits	• Large merchants (over 300 GT) • Passenger Ships • Platforms • AtoNs • SAR Aircraft • Base Stations • Any small vessels carrying Class B AIS
Coverage	Global	Global	Coastal range only	Global
Frequency	Required to report every 6 hours	As determined by installer/ operator	Live feed with instantaneous updates	Currently approximately one hour; will be real-time with the Second Generation Constellation
Availability	Restricted to flag jurisdictions	Restricted to installer / operator	Restricted to installer / operator	Commercially available from suppliers with requisite satellite technology
Cost Model	Pay-per-message	Pay-per-message	Pay-per-message	All message transmissions are free-to-air over VHF

Outside of these methods, one other way for interested parties to gain an understanding of ship traffic movements has been through visual and paper-based recording methods.

The S-AIS market itself is characterized by new technology, with high barriers to entry involving sophisticated digital signal processing and capital- intensive LEO satellite constellations. As a result, there are very few players to date. With the exception of a few national governments' experimental programs, we have only identified one other commercial supplier of S-AIS data, which comprises a very small portion of its overall business.

Based on our ability to detect and identify vessels and their movement history, the number of vessels we track simultaneously, and the cost and quality of obtaining our data (including our global coverage range and frequency of data update), we believe our capabilities are more effective, timely and less costly compared to the following alternative vessel tracking solutions:

- Other S-AIS: Includes alternative satellite based AIS tracking technologies. We believe our proprietary decollisioning technology and partnership with Harris gives us access to the quality of data and information not available to other S AIS solutions. At the time of writing other commercial companies who are either in the S-AIS data provider market or who have stated an intention to be are, to our knowledge, Orbcomm, SpaceQuest and Spire.
- Satcom Systems: Includes alternative non-AIS satellite tracking solutions. Given that these systems require the installation of system-specific terminals on vessels and are directed communications (not open broadcasts), we believe that our solution covers a larger population of vessels at a lower cost.
- SatRadar Satoptical Systems: Includes radar and optical satellite solutions. Given the limited update rate and identification capabilities of these solutions we believe that our S-AIS technology offers significantly greater ability to identify and track vessels at a lower cost.
- Coastal Systems: Includes coast-based sensors (including but not limited to AIS and radar) which, on a cost-per-area-covered basis, are expensive to install and operate, and have a range which is generally limited to line of sight as compared to our S-AIS solution.
- Patrol Assets: Includes airborne assets and patrol vessels that are able to track vessels locally. Compared to our S-AIS solution these assets have limited coverage and high operating costs often magnitudes higher than ours.

S-AIS has developed quickly as the method for the provision of the unrestricted view of the maritime domain and use of the Second Generation Constellation with real-time monitoring capability will allow us to compete even more effectively with the traditional VMS and VTS markets.

We believe that our S-AIS offering has some unique and compelling qualities that will continue to allow us to maintain our leading industry position and grow our business further:

- Our patented signal processing techniques allow us to detect more vessels and increase our frequency of detection as compared to the standard on-board processing techniques. We can also collect more voyage related information as compared to other tracking technologies.
- Our experience in digital signal processing from space will allow us to enter wider tracking markets with a lower-cost alternative to many traditional systems.
- Our breadth of products and services allows us to cater to a wider and more diverse market.

Additionally, the Second Generation Constellation will provide the following benefits:

- The Second Generation Constellation represents an investment beyond the capabilities of most potential competitors, and will provide a real-time service coupled with our superior detection capability.
- The real-time capability of the Second Generation Constellation will allow us to compete in more traditional ship-tracking markets currently dominated by more expensive, traditional systems.

Growth Strategy

Management has outlined a growth strategy with an objective to continue growing our business within the maritime information market, further into the global asset tracking market, and eventually into non-maritime markets. These objectives are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from these objectives. See “Forward-Looking Statements” and “Risk Factors”.

Build upon our market leading position as the premier supplier of S-AIS maritime data

Management believes that our recently announced Harris Agreement and the associated Second Generation Constellation hosted on-board Iridium NEXT will produce real-time service level capability for S-AIS and VHF maritime services that is significantly advanced from any service offering available today and will be clearly seen as the leading capability in this market segment. Management intends to leverage this capability to maintain our market leadership position and to further grow the market for S-AIS data services. This growth is expected to encompass customer base expansion, service capability expansion and the provision of enhanced data services. For our customer base expansion we will focus on acquiring customers in the other IMO member governments and other underserved geographies as well as in the further development of such commercial market segment opportunities as financial services, commodities, logistics and maritime insurance. The service capability expansion will leverage the real- time capabilities of the Second Generation Constellation and is expected to include such applications as VTS and coastal AIS station substitution. For enhanced data services we intend to develop an expanded range of alerting products and utilities that can be accessed by customers through direct data feeds or via our ShipView SaaS platform.

Expand our maritime market reach to new customers and applications not currently served by S-AIS

Our growth plan involves the expansion of the maritime information market into areas which do not currently utilize AIS or maritime VHF data services. We will continue developing our maritime information services to expand into the more traditional ship tracking markets. Management believes that our low-cost alternative to traditional tracking methods and systems will help us capture new customers in markets such as the traditional VMS used in commercial fishing and also to capture customers in other fleet management tracking applications currently served by conventional satcom-based tracking technologies. As our service improves further and the broader maritime market is educated on our solutions, we believe the lower unit cost of our S-AIS tracking system will broaden the appeal of such data across a wider ship tracking market.

While AIS is currently only required on larger ships, small vessel tracking is becoming increasingly important because of illegal fishing, human trafficking, smuggling and piracy. The success of our new patented Class B transponder technology, combined with our exclusive relationship with leading AIS transponder supplier SRT, will enable us to offer very low-cost devices that can be tracked by our First Generation Constellation and the Second Generation Constellation. We

believe there is a total addressable market of over a million vessels that are not currently equipped with AIS or any other tracking technology and are eligible to use our low-cost maritime tracking technology.

The Second Generation Constellation will also allow real-time capture of radio signals emitted over the entire maritime VHF frequency band and not just the AIS channels. Management intends to use this capability to develop other maritime services and to create a leading capability for this future VHF Data Exchange Services market.

Increase sales by capturing additional datasets which will drive additional service offerings

We have already developed a sophisticated data infrastructure which allows the capture, storage and dissemination of maritime data and data products to customers around the world. We believe that we can leverage this existing infrastructure, storage and processing systems to collect and distribute other maritime related information which we are not currently capturing to our customer base. Decision making in the maritime market requires combining inputs from myriad large data sources such as ship details, history, ownership, insurance risk, cargoes and crew details. Storage and integration of such data is an expensive and complicated challenge and we believe we can offer services in this area to deliver individual information services tailored to our customers.

In addition, we are currently developing further uses for our low-cost AIS communications system in order to collect and distribute other maritime-related information. Information such as ship engine performance, fuel emission management, ocean conditions and weather information are candidates for deployment to compete with traditional and more expensive satellite communication alternatives in the market.

Utilize advanced data analysis capabilities in order to deliver additional value-added services

With a continuously growing data archive spanning five years, we have developed a comprehensive view of the world's shipping movements. Our infrastructure has been designed to support this archive, and interface with complex analysis engines that will allow us to provide powerful, real-time insight and alerting services to our customers. We are innovating ways to record and store individual and group behaviours and deduce normal shipping behavior which provides us with a basis for detecting abnormal vessel movements and allows us to verify the validity of positioning information within AIS messages. This Big Data approach will allow us to provide customers with specific answers to questions about vessel behaviour and pattern analysis.

Such real-time intelligence and analytics information services are of interest and importance in areas such as national security, illegal and unregulated fishing, smuggling and illegal bunkering as well as to the commodity and financial analysis and information services markets. We believe this service could be sold as a premium offering to customers including security and surveillance authorities, customs and border protection, and international policing organizations, such as coast guards, as well as to major commodity traders, hedge funds and financial information services companies.

Expand our addressable market beyond the maritime market and into the "Internet of Things"

Our technology allows for the detection of low-power, uncoordinated radio transmissions. By leveraging our existing intellectual property and expertise, we believe that our technology can be further evolved to allow the satellite detection of low-power, low-cost radio tags which could enable a much broader satellite tracking and data acquisition market. We believe that our cost to track an object hourly could be as low as $0.10 per month, and that transmitter hardware could be made for less than $20.00 per unit. Our growth plans contemplate an expansion into the advanced connectivity of objects, devices, systems and services in the wider M2M market, more broadly encompassed by the IoT movement.

In addition to the Second Generation Constellation and small vessel tracking initiatives which are already underway management has outlined a number of strategic initiatives intended to help pursue the growth strategy outlined above:

Expand our global sales channel network

We aim to expand our sales presence in the global government market. Within this market, we utilize a direct business development sales model consisting of in-region sales and technical staff who work in concert with in-country partners and resellers. This has proven to be very successful in countries such as Australia, Indonesia, Japan, Argentina and USA. We continue to expand our direct presence in key geographic markets where maritime interests are typically high on the political agenda such as the Middle East, Africa, India and the Asia Pacific regions. We intend to expand our current government sales channel network to cover those areas where we are currently geographically underserved.

For commercial and non-government markets, our general sales model is to sell through channel partners. We intend to rapidly expand our channel partner network in commercial markets such as insurance and risk management, logistics, and financial trading services as well as to expand our network in non-- government markets, namely the oceans research, and the illegal, unreported and unregulated fishing markets.

We also intend to develop an e-commerce sales channels both directly and through large geospatial communities, which would enable customers to easily purchase data products and information services online, enabling 24/7 sales.

Further invest in a Customer Service strategy to reinforce our reputation for quality service

We are dedicated to committing the necessary resources to provide customer support for training, integration and testing in order to assist our customers, our third-party resellers, our channel partners and other distributors in the roll-out of their applications and to enhance end-user acquisition and retention.

We provide our partners and customers with access to comprehensive online knowledge databases and customer support technicians. We also deploy our technicians on-site to facilitate the integration of our data and services with customers' applications. We intend to expand this capability and develop an associated technical consulting capability as our market and product line expand in order to maintain a high level of customer service and support as part of our customer retention and brand strategy.

Pursue a disciplined acquisition strategy

We recognize that certain situations may arise that would enable us to reach our stated goals, and enhance shareholder value faster or more efficiently, by making strategic acquisitions, of assets or companies. We believe that the maritime information market is fragmented and creates opportunities for consolidation. As well, achieving growth in non-maritime markets may be best achieved via acquisition.

We intend on targeting either complementary maritime information products, which will broaden our offering, or companies with an international presence that can provide us with additional channels to markets that we currently underserve. Although we have no agreement or commitment with respect to any acquisition at this time, we have identified a number of opportunities that may be actionable in the short- to medium-term.

AVAILABLE FUNDS

Assuming completion of the Arrangement and the transactions contemplated under the BSA in the manner described below under "Relationships with our Principal Shareholders — Business Separation Agreement" and "Financing Transactions", the Company will have approximately $20.0 million in cash at the Effective Time. The Company expects to have sufficient working capital to execute its business objectives for at least 24 months following the Effective Date. See "Risk Factors".

The Company expects to use the available funds as follows: $3,500,000 for new product development; $11,000,000 for improvements in infrastructure; $2,000,000 for sales and marketing; and $3,500,000 for working capital, general corporate and administrative purposes. A description of these purposes is follows: (i) new product development is intended to include expenditures to develop applications which will expand the Company's product offerings into SaaS and IaaS. These expenditures may include incremental headcount costs, intellectual property acquisition costs and additional information feeds that are fused with our current data sources; (ii) improvements in infrastructure include the remaining expenditures required to have the final three First Generation Constellation satellites to the point of being put into operation, the related ground station equipment to communicate with these satellites, payments to Harris and various data processing equipment upgrades to handle in the increased data throughput; (iii) sales and marketing expenditures are aimed at converting the expanded addressable market into incremental orders and revenues. The Company expects to increase the number of personnel in sales and marketing and to expand the number of direct sales representatives and market channel managers and (iv) funds allocated to working capital, general corporate and administrative purposes are expected to be used for the incremental expenditures that arise from becoming a public company and in addition and an increased investment in working capital requirements.

We may also use a portion of the available funds to expand our current business through acquisitions of, or investments in, other complementary businesses, products or technologies. However, we have no agreements or commitments with respect to any acquisitions or investments at this time.

While we currently anticipate that we will use the available funds as described above, we may re-allocate the funds from time to time depending upon changes in business conditions prevalent at the time. Pending use of the available funds, such funds shall be invested in short-term, interest-bearing securities such as government securities, commercial paper and other highly rated investment grade securities.

REGULATORY OVERVIEW

Overview of Radiocommunication Regulatory Environment

Satellite and terrestrial radiocommunication is regulated at the individual state level by governments and at the international level through the United Nations body called the ITU. The ITU is responsible for allocating global radio spectrum frequencies and overseeing placements of satellites in orbit and developing the technical standards on which radiocommunication services rely. The ITU allocates frequencies for certain uses such as AIS and, through state governments (called "administrations" at the ITU), allows public and private entities to use the frequencies in a prescribed manner so as to prevent harmful interference between users of spectrum. Administrations are required to give notice of, coordinate, and register, by publication in the MIFR, entities' use of frequencies and orbital placements.

To operate globally, we rely on our First Generation Constellation which is an MSS network which provides communication links between mobile stations on ships, satellites covering the earth and stations on the ground. The satellite network comprises both a space segment and an earth segment which work together to capture, downlink, process and distribute AIS signals containing data being transmitted by ships. The First Generation Constellation operates pursuant to the Canadian radiocommunication legal regime (via IC and DFATD) as well as the ITU's. We will rely on the Second Generation Constellation to provide enhanced and continued services, which will be operated by Harris and Iridium pursuant to the US radiocommunication legal regime and the ITU's.

Regulation of Space Segment

Our space segment consists of non-geostationary, LEO satellites, some of which are owned and operated by us and others which are not, and the licensed use of radio frequencies, which work together for the capture and transmission to ground stations of AIS data from ships.

Regulation in Canada of satellites we own

The right to use spectrum and operate equipment such as satellites and earth stations we own in the First Generation Constellation is regulated under the *Radiocommunication Act* which is administered by IC. The Minister is authorized to issue licences, establish standards, assign frequencies and plan the allocation of frequencies (in keeping with the international radio regulations of the ITU). The Minister has broad authority to issue licences, fix and amend the conditions of licence thereto, suspend or revoke them and charge fees for licences. As a Canadian corporation, we are eligible to hold spectrum and radio licences under the *Radiocommunication Act*.

On August 12, 2011, IC issued us an Approval in Principle of the ADS Satellite Network (the "**ADS Approval**"). This authorized us to launch and operate a constellation of up to six LEO satellites for MSS and set out the conditions for such. Pursuant to this authorization, we now own and operate a total of four satellites launched in polar orbit, called EV1, EV5, EV6 and EV11. The terms of the ADS Approval authorized, *inter alia*, the placement of six satellites in orbit by December 20, 2014. On October 22, 2015, IC issued us an amended Approval in Principle of the ADS Satellite Network (the "**Amended ADS Approval**"). The Amended ADS Approval extended the time in which we could add more satellites to the network to December 31, 2018. The Amended ADS Approval replaces the ADS Approval.

On August 13, 2015, IC issued us an Approval in Principle (the "**EV9 Approval**") to operate a non-geostationary satellite for MSS and set out the conditions for such. Pursuant to this authorization, we own and have launched a satellite in equatorial orbit called EV9. This satellite is being tested and is not yet in service. As EV9 uses an equatorial orbit, it was out of the scope of the polar orbit ADS Approval. The ADS Approval, Amended ADS Approval and EV9 Approval *inter alia*, require the Company to comply with ITU Radio Regulations, the Canadian *Radiocommunication Act*, *Radiocommunication*

Regulations and IC policies. The Amended ADS Approval prohibits the relocation of the ADS satellites without prior approval of the Minister (IC).

The Company has obtained other permissions in order to operate the ADS satellite network and EV9, including: (i) successful domestic and international coordination and valid ITU filings in respect of coordination; (ii) IC space station radio licences for the transmission of received signal data and for reception and transmission of TT&C signals; (iii) IC spectrum licences for the satellites related to the reception of AIS signals; (iv) IC radio licences for the operation of fixed earth stations located in Canada for the reception of received signal data from the satellites, reception and transmission of TT&C. Use of radio frequencies is subject to technical restrictions, including: (i) shall not cause harmful interference and must accept harmful interference in some cases; (ii) minimization of unwanted emissions; (iii) prioritizing other services, such as the radionavigation-satellite service, in respect of the use of certain authorized frequencies; and, (iv) implementation of space debris mitigation measures in accordance with industry best practices. The Amended ADS Approval and EV9 Approval requires reporting of: (i) annual reports to IC, the most recent Annual MSS Report to IC in respect of the ADS satellite network is dated March 9, 2015; (ii) orbital debris mitigation final report to IC at end of life of satellites; and (iii) notification to IC of frequency selection.

Our satellites are licensed by IC under two space station radio licences: one for the EV9, and one for the rest of the satellites. Our space station radio licences are due for renewal annually on April 1. The current space station radio licences are valid until March 31, 2016, at which time we expect that they will be renewed. The space station radio licences authorize the use of radiofrequencies for the transmission (downlink, or "Space to Earth" transmissions) of signals from the satellites in order to provide MSS and for the reception (uplink, or "Earth to Space" transmissions) and transmission of TT&C signals to control the satellites. The space station radio licences contain certain limitations including, *inter alia*, limits on transmitting and receiving frequencies, bandwidth and emissions, power and authorized communications. The space station radio licences require the Company to comply with ITU Radio Regulations, the Canadian *Radiocommunication Act*, *Radiocommunication Regulations* and IC policies.

We are responsible for domestic coordination of the satellites owned by us and IC is responsible, with assistance from us (including payment of associated costs), for facilitating international coordination with affected operators through the ITU. We have completed domestic coordination as needed, including for the EV9. The satellites have gone through all but one of the necessary steps for international coordination, which include advance publication, coordination, notification and publication. The final step to be achieved is for the ITU to publish the satellite information in the MIFR, which will be forthcoming in due course.

We hold two IC spectrum licences (the "**Spectrum Licences**"), one applies to the EV9, and the other applies to the rest of the ADS satellites. The Spectrum Licences authorize the use of radiofrequencies to receive AIS signals. Our Spectrum Licences are granted on a first-come, first-served basis and issued for one-year terms beginning on April 1 of each year. Our current Spectrum Licences expire March 31, 2016. The other spectrum licence applies to up to six (6) ADS satellites in polar orbit, whether listed in the licence or not. The Spectrum Licences require the Company to obtain certain permissions including, without limitation, permissions in order to operate the satellite network, including successful domestic and international coordination. The Spectrum Licences contain certain obligations including, without limitation, on the use of specific radio frequencies for the space-based (satellite) reception of maritime AIS signals; harmful or unacceptable interference to any station entitled to protection, and the obligation to immediately remedy any such interference if caused; development and implementation of a space debris mitigation plan. The Spectrum Licences require the Company to comply with ITU Radio Regulations, the Canadian *Radiocommunication Act*, *Radiocommunication Regulations* and IC policies. The Spectrum Licences require reporting of (i) annual reports to IC on continued compliance with all licence conditions by March 31 each year; (ii) orbital debris mitigation final report to IC at end of life of satellites; and (iii) notification to IC of frequencies selected for use.

The AIS frequencies are protected to a certain extent from interference by the ITU regulations and by IMO policies.

It is a condition of licence of each of the EV9 Approval, Amended ADS Approval and the Spectrum Licences that we obtain Ministerial approval to transfer these licences. These conditions of licence define "transfer" to include a change that would have a material effect on the ownership or control in fact of the licensee. We believe that substantial changes in the share ownership, control of the Board or control of voting shares would be considered such a "transfer." As such, in connection with the Spinout Transaction, we have applied to IC and have received approval in respect of changes in COM DEV's ownership and control of the Company.

We are compliant with the conditions of licence of our Amended ADS Approval, EV9 Approval, space station radio

licences, and Spectrum Licences and confirm that our satellites are otherwise in material compliance with the regulatory authorities referred to in this section.

Regulatory oversight of satellites we do not own in the First Generation Constellation

Our First Generation Constellation relies on satellites which are owned and operated by other entities, such as the Canadian Space Agency (EV7), Indian Space Research Organization (EV2), SpaceQuest (EV12 and EV13) and Hisdesat (EV8), with whom we have entered into commercial agreements to either host our dedicated AIS payload, or to obtain AIS data from those entities.

Where we do not own a satellite, but merely contract for a hosted payload or buy the AIS data collected by another entity, we are not responsible for IC satellite or spectrum licensing or RSSSA licensing, or any licensing by the state authority under which the satellite was launched or is operated. The burden of regulatory compliance (at the state level and at the ITU level) is on the satellite owner, not on the commercial customers of the payloads such as us. Contractual arrangements between us and the satellite owners require the satellite owners to be responsible for meeting the regulatory obligations regarding the satellites and their spectrum use. Management is confident that the satellites in the First Generation Constellation are in material compliance with all regulatory requirements. However, any failure by the satellite owner and operator to obtain or maintain the required satellite licenses could negatively impact our business. The same type of regulatory risks that apply to satellites we own also apply to satellites that we use or will use but that are owned by other parties. See "Risk Factors."

Regulation of the Second Generation Constellation under the Harris Agreement

The Harris Agreement is the basis of the future Second Generation Constellation. Under the Harris Agreement, we will be given the AIS data received on Harris' dedicated AIS payloads on the Iridium NEXT satellite constellation.

The launch and operation of the Second Generation Constellation is subject to US regulatory authority, not Canadian. Under the Harris Agreement, the regulatory burden for this is placed on Harris and Iridium. As the satellite owner and operator, Iridium is responsible for obtaining the necessary satellite and spectrum licences to enable the satellite to uplink and downlink AIS data and make use of the AIS frequencies. While there is an inherent risk that these licences will not be obtained, and although we do not have any information on the progress, to date, of obtaining such authorizations, we are confident that the risk is remote. The U.S. Federal Communications Commission has recently adopted and proposed new U.S. spectrum allocations which will facilitate the reception of AIS signals by satellite systems such as the Iridium NEXT. Any failure to obtain a required authorization to collect and process AIS signals or to satisfy any condition in connection with such authorization shall be considered a force majeure event under the terms of the Harris Agreement. Either we or Harris may, by 180 days' prior written notice, terminate the Harris Agreement if any delay of performance or non-performance resulting from a material force majeure event, extends for more than ninety (90) days. The same types of regulatory risks that apply to satellites we own or operate also apply to the Iridium NEXT satellites. See "Risk Factors."

Under the Harris Agreement, we are responsible for obtaining any authorizations required by the Government of Canada in respect of our activities relating to the Second Generation Constellation. Management is aware of the Canadian regulatory authorizations which we are responsible for obtaining under the Harris Agreement and will ensure that these obligations are met. At this stage, we have not identified any new radiocommunications licences which we must obtain in order to engage in our activities under the Harris Agreement.

Registration in the UN Registry of Space Objects

Canada and other jurisdictions in which we licence our satellites, including those we own and those owned by third parties, are generally parties to the United Nations ("**UN**") Convention on the Registration of Objects Launched into Outer Space ("**UN Convention**"). The UN Convention requires a satellite's launching state to register the satellite as a space object. The act of registration carries liability for the registering country in the event that the satellite causes third-party damage. Administrations may place certain requirements on satellite licensees in order to acquire the necessary launch or operational authorizations that accompany registration of the satellite. In some jurisdictions, these authorizations are separate and distinct, with unique requirements, from the authorization to use a set of frequencies to provide satellite service. Our satellites may be subject to such requirements.

Regulation of Earth Segment

Our earth segment consists of: multiple ground stations (earth-based satellite terminals) in Canada and elsewhere, the majority of which only receive transmissions of AIS data, and a few of which emit transmissions of TT&C data for the purpose of controlling the satellites; the reception of data at operations centres for data processing; and, terrestrial communications such as virtual private networks over the internet to communicate the data from the earth stations to operations centres and to customers. There are no radiocommunication licences or authorizations required to operate the operations centres and terrestrial communications component.

Placing ground stations around the world is necessary in order to ensure the timely transmission of the AIS data from the satellites back to earth for processing.

In Canada, as in most jurisdictions, operators of ground stations must apply for and obtain authorizations from IC to install and operate ground stations. Pursuant to IC policies, the installation of ground station in Canada requires approvals from IC as well as other government bodies including NAV Canada. These approvals relate to siting of the ground station and public safety. Subject to a few exceptions, ground stations only require an IC radio licence to operate the ground station where the ground station antennas transmit signals on radio frequencies. Where the ground station only receives signals, it is generally exempt from the requirement to obtain a radio licence from IC, which is the case in most jurisdictions.

We own and have obtained licences for one ground station in Canada, which has multiple antennas. This ground station is authorized to uplink data to the satellites. One radio licence is for the purpose of TT&C. The remaining four are developmental licences which allow us to use various frequencies in order to undertake experiments in calibration, AIS detection and other necessary tests. Our radio licences have been renewed for two-year terms, expiring on March 31, 2016. Ground stations are subject to the conditions contained in the licences such as the certification of the radio apparatus by IC for compliance with restrictions regarding safe radio frequency emissions and compliance with applicable IC policies generally. We are compliant with the conditions contained in our IC radio licences.

We also own and operate a ground station in Cork, Ireland. As it is only capable of receiving signals, it is exempt from spectrum licensing in Ireland.

The majority of the ground stations utilized for our earth segment are located in foreign jurisdictions and are owned by third parties. We have acquired the rights to make use of other ground stations through commercial arrangements with third parties in the following locations outside of Canada: Norway, UK, Singapore, Mauritius, Dubai, Australia, Spain, Argentina, Panama, Portugal, Japan, the U.S., South Africa and Saudi Arabia. The burden of regulatory compliance is on the ground station owner and operator, not on the commercial customers of the ground station such as us. Contractual arrangements between these ground station owners and us require that the ground station owners and operators are responsible for meeting all the regulatory obligations regarding the ground stations and their spectrum use. We have no reason to believe that the ground stations outside of Canada are not in good standing with the relevant regulatory authorities. However, any failure by the ground station owner and operator to obtain or maintain the required licenses could negatively impact our business. The same type of regulatory risks that apply to ground stations we own or operate also apply to ground stations we use that are owned or operated by other parties. See “Risk Factors.”

IMO Policies

The IMO is a UN agency that concerns itself with shipping and other maritime activities. It developed and passed SOLAS, which is the international authority that requires qualifying ships to be fitted with AIS equipment. A subsequent Resolution of the IMO provides guidance to member states on the implementation of the AIS requirements in SOLAS. The Maritime Safety Committee of the IMO, its highest technical body, has expressed concern from time to time about the possibility of aggregated AIS information falling into the wrong hands which could potentially endanger shipping, rather than help ensure its safety. We are aware of this concern and, from our earliest days, we have strived to be in strict compliance with all IMO rules relating to AIS. As discussed elsewhere in this Appendix “E”, we derive a significant portion of our revenue from our government customers. We believe that our operations are not only fully compliant with the IMO’s rules and policies regarding the sensitive nature of AIS information, but that our operations enhance maritime security around the world.

Remote Sensing Authorizations

We are required to obtain annual approval for each satellite and associated facilities that we own or operate pursuant

to the Canadian Remote Sensing Space Systems Act (the "**RSSSA**") and the Regulations thereunder, overseen by DFATD. The RSSSA regulates satellites that "listen to" or pick up intelligence from the surface of the earth and process and possess the data.

We are in material compliance with the requirements of the RSSSA.

On September 2, 2010, DFATD issued us a provisional approval of a licence application to cover all of our owned satellites pending issuance of a full RSSSA licence. As well, a provisional approval was granted for the NTS satellite (also called EV0), which is owned by COM DEV and operated by UTIAS, and which we used for experimental purposes regarding AIS data. Since then, the provisional approval for our owned satellite has been extended for subsequent annual terms and also extended to cover new satellites as need be. The provisional approval dated September 30, 2015 extended our provisional approval to March 31, 2016. The provisional approval regarding the NTS satellite lapsed in 2013 but was added back upon request and there were no adverse consequences to this lapse.

We must apply for renewal of the provisional approvals pending receipt of the full licence. It is possible that DFATD may not provide a full licence. See "Risk Factors."

The RSSSA does not apply to Harris or to our activities under the Harris Agreement, except insofar as it relates to the operation of and handling of data collected as described above through the First Generation Constellation. No further RSSSA licences must be sought as a result of the Harris Agreement.

Overview of Export Control and Controlled Goods Regulatory Environment

Our business involves the acquisition, possession, use and transfer of equipment (e.g.: hardware), software, technology (e.g.: technical data) and services (together referred to herein collectively as "goods"), which are subject to the regulatory regimes regarding export control and licensing of controlled goods in various jurisdictions.

In Canada, this regime involves government control of the, examination, possession and transfer of prescribed sensitive goods and technology and the regulation of the export of same. More specifically, pursuant to the *Export and Import Permits Act*, the Export Controls Division of the Bureau of Trade and Export Controls of DFATD is responsible for issuing export permits for various products included on the *Export Control List* ("**ECL**"). The export of goods and technology on the ECL requires a Canadian export licence. Pursuant to the Canadian *Defence Production Act* ("**CDPA"**) and *Controlled Goods Regulations*, the Controlled Goods Directorate of the Department of Public Works & Government Services Canada ("**PWGSC**") authorizes entities like us to examine, possess and transfer certain sensitive goods and technology which are prescribed in the ECL.

In Canada, we require and have obtained a Controlled Goods Certificate regarding our examination and possession in Canada of goods and technology falling under Item 5504 of the ECL. The Certificate of Registration issued by the Controlled Goods Directorate expires November 25, 2019.

We have also required and have obtained export permits from the Export Controls Division regarding the direct export of controlled goods to Spain, France, Luxembourg and Germany. Our exports of goods and technology from Canada to the US are not required to be licensed.

The AIS products and services we provide to customers, under the First or Second Generation Constellation, are not considered controlled goods or technology and we do not require a licence to export such goods and services under Canadian or U.K. law.

There have been no internal or external investigations, violations or disclosures regarding our compliance with the CDPA, *Controlled Goods Regulations*, Controlled Goods Certificate, or the *Export and Import Permits Act* and its regulations or our export permits. We underwent a successful audit in 2011, conducted by the PWGSC regarding compliance with the Controlled Goods Regulations.

We have implemented internal processes and have procedures in place to control access to and distribution of controlled goods and technology to ensure ongoing compliance with the CDPA, the *Controlled Goods Regulations* and the *Export and Import Permits Act*, including the appointment of an internal Designated Officer to ensure compliance with the regulatory requirements. Such processes and procedures were approved by PWGSC in the course of the audit.

We do not directly export anything from the US. However, we purchase goods from US suppliers to be shipped directly from the US to foreign locations, which we prescribe. We have directed these US-based third party companies to export goods in the manner described to the following locations: Norway, South Africa, Mauritius, Japan, Australia, Singapore, Antarctica (Troll, Norwegian claim), Argentina, Portugal, Chile, Ireland, Panama and Dubai. As well, we have contracts with US companies who act as resellers or agents for our AIS products and services. In both cases, where an export license is required, the US supplier is responsible for validating with US government authorities that the export from the US is authorized and for obtaining the proper US permits to export the items from the United States. In this regard, we have no reason to believe our resellers, agents or exporters are or have been in violation of any applicable US export control law or any other applicable export control law.

We also purchase goods from US companies that are controlled under the US International Traffic in Arms Regulations ("**ITAR**") and the Export Administration Regulations ("**EAR**") pursuant to technical assistance agreements ("**TAAs**"), export licenses and other authorizations obtained by our US suppliers. In some cases, we may need to engage in back and forth exchanges of technical data or re-exports of equipment and software. To our knowledge, our US suppliers have obtained the necessary TAAs and other authorizations required for the transfer of hardware (equipment), software, technical data and services involved in both the First and Second Generation Constellations. As the recipient of US-origin controlled goods, we are subject to compliance obligations and restrictions under these US regulations and the terms of the applicable export authorizations, including restrictions on re-export and retransfers of the controlled goods to unauthorized destinations and third parties. Where the Company has directed a US company to export an item which is controlled, such as transmission-capable ground station equipment, the exporting party assumes responsibility for obtaining applicable US export licenses.

Under the Harris Agreement, each party is responsible for compliance with all applicable export control laws and with any applicable authorizations issued pursuant to such laws, including obtaining all applicable export permits or licenses for controlled goods.

Any failure to obtain or maintain the required authorizations, or to comply with applicable export control regulations, could negatively impact our business.

There have been no internal or external investigations, violations or disclosures regarding our compliance with US export control law or export permits issued to any US third-party companies with whom we are doing business.

Sanctions

With respect to Canadian and UK law, we and our UK Subsidiary do not knowingly directly or indirectly provide data, services or technology, to countries or persons who are the subject of sanctions or area control. We maintain internal processes and procedures which ensure that we and our UK Subsidiary do not do so. In addition, our agreement with resellers and agents prohibit them from providing our AIS products or services to countries or persons who are the subject of sanctions or area control under Canadian and UK law or the law of the applicable jurisdiction. Additionally, where we have directed US companies to export controlled goods, we further rely on our US exporters to ensure their compliance with applicable US sanctions law. In this regard, we have no reason to believe our resellers, agents or exporters are or have been in violation of any applicable US sanctions law or other applicable sanctions law.

The conditions of the provisional RSSSA approval restrict the transfer of remote sensing data as follows: no commercial sales of data or data products from the satellites listed in the provisional licence are permitted to entities listed under Canada's *AntiTerrorism Act* or the Criminal Code; and the specific countries or organizations and individuals against which economic sanctions are in place that are identified and listed under the *United Nations Act*, the *Special Economic Measures Act,* and some provisions of the *Export and Import Permits Act* administered by DFATD. We maintain internal processes and procedures which ensure that we and our UK Subsidiary do not do so. Management confirms that we are compliant with these conditions of the provisional RSSSA approval.

There have been no internal or external investigations, violations or disclosures regarding our compliance with Canadian, US or UK country sanctions, or sanctioned persons lists or area control.

Anti-Bribery and Corruption of Foreign Officials

Any third party who may represent us in a business development capacity (e.g., consultants, agents, distributors, re sellers, integrators) outside of Canada, the US or the UK or any third party who may engage with a public official outside of

Canada, the US or the UK or any third party located within Canada, the US or the UK conducting business outside of these countries on our behalf are subject to our internal due diligence review to ensure that they are not violating Canadian laws on bribery and corruption of foreign public officials. In addition, we are aware of the Corruption Perception Index and the countries that score high on this Index. There have been no internal or external investigations regarding non-compliance with anti-bribery and corruption laws, there are currently none underway, and no disclosures have needed to be made.

CORPORATE STRUCTURE

Corporate History

We were originally incorporated as COM DEV Space Systems Ltd. under the *Canada Business Corporations Act* (the "**CBCA**") on August 11, 2006, but we did not commence commercial operations until 2009. We changed our name to exactEarth Ltd. on June 8, 2009. Our principal business office and registered office is located at 60 Struck Court, Cambridge, Ontario, N1R 8L2.

Our authorized and issued share capital includes multiple share classes. Prior to the Effective Time, our capital structure will be simplified such that our authorized capital will consist of a single class of Common Shares and a single class of preferred shares, issuable in series from time to time on terms determined by the Board of Directors. See "Capital Reorganization".

As of the Effective Date, our only subsidiary will be exactEarth Europe Ltd., a wholly-owned subsidiary incorporated under the laws of England and Wales, which operates our European data operations and applications development business.

Three Year Business Development History

Since we commenced commercial operations we have pioneered S-AIS technology and have deployed an operational data processing supply chain with our First Generation Constellation, receiving ground stations, patented decoding algorithms and advanced Big Data processing and distribution facilities. Over the last five years, we have delivered to our customers a view of maritime behaviours across all regions of the world's oceans unrestricted by terrestrial limitations.

S-AIS has grown to become an important component of global ship tracking and vessel behaviour analysis. Some applications of our services include vessel management, border security, trade monitoring, route analysis and environmental protection.

We deliver our AIS messages on either a recurring subscription or single payment basis, depending on the nature of the service. Subscription-based services comprised 80% of our revenue in fiscal year 2014. We have also begun to diversify our offerings into DaaS and IaaS products, which allow us to customize our data to suit the needs of our customers. Through this variety of products and services, we provide what management believes is the most advanced location-based information on maritime traffic available today.

We have grown our product offering from an initial single raw data service to eleven additional services and we have grown to serve approximately 275 customers, including approximately 120 subscription customers. Some of our government customers include the Canadian Space Agency, the Canadian Department of Defence, the United States Coast Guard, the Australian Customs and Border Protection Service, the Argentinian Coast Guard and the South African Maritime Safety Authority. For additional information on our history over the previous three years, please see the section in the Appendix "E" titled "Business of the Company — History of the Company".

CONSOLIDATED CAPITALIZATION

As at July 31, 2015 (without giving effect to the Capital Reorganization), 10,000,000 Class A Common Shares and 1,111,111 Class B Common Shares were issued and outstanding.

The following table sets forth our capitalization as at July 31, 2015 and our *pro forma* capitalization as at July 31, 2015 after giving effect to the Capital Reorganization and Financing Transactions. This table should be read in conjunction with our annual and interim consolidated financial statements and the related notes included elsewhere in this Appendix "E"

and with the information set forth under "Summary Financial Data", "Management's Discussion and Analysis", "Capital Reorganization" and "Financing Transactions"..

	As at July 31, 2015	*Pro forma* July 31, 2015 after giving effect to the Capital Reorganization and Financing Transactions
	(In thousands of Canadian dollars)	
Debt		
Shareholder loans	44,829	—
Government loan	1,883	1,883
Equity		
Share capital	55,120	123,979
Contributed surplus	249	249
Accumulated other comprehensive loss	(314)	(314)
Deficit	(32,448)	(32,448)

DIVIDEND POLICY

We have not paid dividends to the holders of our Common Shares to date. Dividends may be paid if and when operational and financial circumstances permit. The declaration and payment of dividends on our Common Shares is at the discretion of our Board of Directors. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors.

CAPITAL REORGANIZATION

Our authorized capital currently consists of an unlimited number of Class A Common Shares and Class B Common Shares. Prior to the Effective Time, our shareholders will amend the constating documents such that the resulting entity will have the following authorized capital (the "**Capital Reorganization**"):

- an unlimited number of Common Shares; and
- an unlimited number of Class A Preferred Shares, which can be issued in series from time to time on terms determined by the Board of Directors.

FINANCING TRANSACTIONS

Pursuant to the terms of the BSA (as described under "Relationships with our Principal Shareholders"), the following steps will occur prior to the Effective Time (the "**Financing Transactions**"):

- COM DEV will make a payment of $9,709,961 to Hisdesat for partial consideration of the termination of the existing shareholders agreement;
- Hisdesat will purchase from COM DEV $1,882,471 of indebtedness that it holds in the Company, such that immediately following such purchase, the pro rata indebtedness held by COM DEV and Hisdesat in the Company shall be 73% and 27%, respectively;
- COM DEV and Hisdesat will convert all of the indebtedness in the Company that each owns at a price per Common Share of $6.50, for 5,365,340 Common Shares to COM DEV and 1,984,441 Common Shares to Hisdesat (which assumes an enterprise value of $125,000,000);
- COM DEV will subscribe for $14,600,000 of Common Shares and Hisdesat will subscribe for $5,400,000 of Common Shares at a price per common share of $6.50, such that immediately following such subscription, the pro rata equity interest in the Company of COM DEV and Hisdesat shall be 73% and 27%, respectively;
- certain members of senior management of the Company will subscribe for up to 100,000 Common Shares at a price per Common Share of $6.50;

Assuming the Capital Reorganization and the Financing Transactions have been completed, including the maximum number of Common Shares subscribed for by management, at the Effective Time there will be 21,637,815 Common Shares outstanding and no Class A Preferred Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the periods indicated. The selected financial information as at October 31, 2014 and 2013 and for the financial years ended October 31, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements and related notes appearing elsewhere in the Appendix "E". Our audited consolidated financial statements appearing elsewhere in this Appendix "E" have been audited by Ernst & Young LLP. Ernst & Young LLP's report on these consolidated financial statements is included elsewhere in this Appendix "E".

We end our quarter on the last Friday of every quarter, regardless of whether that day is the last calendar day of the month, resulting in a floating period end. The selected financial information as at July 31, 2015 and for the nine month periods ended July 31, 2015 and August 1, 2014 has been derived from our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in the Appendix "E". The unaudited interim condensed financial statements have been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of management, such unaudited financial statements reflect all adjustments necessary for a fair presentation of the results for those periods.

The selected consolidated financial information should be read in conjunction with our annual and interim consolidated financial statements and the related notes, and with "Management's Discussion and Analysis", "Consolidated Capitalization", "Capital Reorganization" and "Financing Transactions" included elsewhere in this Appendix "E".

	Year ended October 31,			Nine months ended	
	2014	2013	2012	July 31, 2015	August 1, 2014
	(In thousands of Canadian dollars, except per share amounts)				
Consolidated Statement of Comprehensive Loss					
Revenue	$15,836	11,978	9,640	19,138	11,369
Cost of revenue	7,696	6,644	7,453	7,905	5,759
Gross margin	8,140	5,334	2,187	11,233	5,610
Gross margin %	*51.4%*	*44.5%*	*22.7%*	*58.7%*	*49.3%*
Operating expenses					
Selling, general and administrative	5,426	4,410	4,504	6,194	3,893
Research and development	54	138	190	46	39
Product development	928	650	710	1,046	668
Restructuring charges	—	96	365	—	—
Depreciation & amortization	4,737	4,151	2,222	4,110	3,453
Loss from operations	(3,005)	(4,111)	(5,804)	(163)	(2,443)
Other income	(78)	(409)	—	—	(80)
Other expense	5	51	40	55	4
Foreign exchange loss (gain)	108	3	29	295	(102)
Interest expense	665	357	60	983	508
Loss before income taxes	(3,705)	(4,113)	(5,933)	(1,496)	(2,773)
Income tax expense	—	—	—	—	—
Net Loss	$(3,705)	(4,113)	(5,933)	(1,496)	(2,773)
Foreign currency translation adjustments	(50)	(12)	—	(252)	(87)
Comprehensive loss	(3,755)	(4,125)	(5,933)	(1,748)	(2,860)
Net loss per share					
Basic and diluted	$(0.33)	$(0.37)	$(0.53)	(0.13)	(0.25)
Weighted average number of Common Shares outstanding					
Basic and diluted	11,111,111	11,111,111	11,111,111	11,111,111	11,111,111

	As at October 31,		
	2014	2013	As at July 31, 2015
	(In thousands of Canadian dollars)		
Consolidated Statement of Financial Position			
Cash and cash equivalents	$2,403	$1,615	3,533
Trade receivables	2,826	2,500	4,759
Other current assets	2,431	842	3,517
Property, plant and equipment	40,858	41,624	47,861
Intangible assets	14,370	12,000	24,086
Total assets	62,888	58,581	83,756
Accounts payable and accrued liabilities	5,342	2,489	11,191
Deferred revenue	977	367	2,694
Current portion of long-term debt	256	37	355
Long-term debt	31,781	27,578	46,124
Long-term profit sharing plan liability	176	—	785
Total liabilities	38,532	30,471	61,149
Total shareholders' equity	24,356	28,110	22,607
Total liabilities and equity	62,888	58,581	83,756

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following management discussion and analysis ("**MD&A**") is prepared as of November 2, 2015, and provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition for the financial years ended October 31, 2014, 2013 and 2012 and for the three and nine month periods ended July 31, 2015 and August 1, 2014. This MD&A should be read in conjunction with our annual audited consolidated financial statements and the notes thereto (the "**Consolidated Financial Statements**") and our unaudited interim condensed consolidated financial statements (the "**Interim Condensed Consolidated Financial Statements**"). The Consolidated Financial Statements have been prepared in accordance with IFRS. All amounts herein are stated in thousands of Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained herein is dated as of July 31, 2015.*

Overview

We are a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. Since our establishment in 2009, we have pioneered S-AIS maritime surveillance and have delivered to our clients a view of maritime behaviours across all regions of the world's oceans that is unrestricted by terrestrial limitations. We have deployed an operational data processing supply chain with our First Generation Constellation, receiving ground stations, patented decoding algorithms and advanced Big Data processing and distribution facilities. This ground-breaking system provides a comprehensive picture of the location of AIS equipped maritime vessels throughout the world and allows us to deliver data and information services characterized by high performance, reliability, security and simplicity to large international markets.

The consolidated financial statements include the accounts of our Subsidiary with inter-company transactions and balances eliminated. We have two locations, one in Cambridge, Ontario, Canada and the other in Harwell, UK. COM DEV and Hisdesat hold 73% and 27% respectively of the issued and outstanding Common Shares.

Key Components and Functions of our Product Offering

*Automatic Identification System ("**AIS**")*

Since 2004 all major ships in the world are required by the IMO to carry an AIS transponder which constantly transmits VHF radio signals containing information about the ship (name, destination, cargo) as well as its movement (position, course, heading speed etc.) In a typical seven-day period, we track approximately 165,000 AIS-equipped vessels. This capability is further enhanced by our patented capability to track small vessels in the open ocean utilizing a new class of specially modified Class B AIS transponders. We anticipate that with this added capability, our addressable market will increase to more than 1 million vessels by 2020. AIS was originally designed as a collision avoidance system; however, it has

been widely recognised for some time that such open broadcast information can be collected and used to track and monitor shipping activity close to shore only from terrestrial AIS stations (the system is physically limited by the curvature of the earth and is only effective for approximately 50 nautical miles, or approximately 100 kilometres).We have led the way in overcoming this shortcoming by pioneering the reception of such AIS signals from LEO satellites, thus eliminating the distance limitation imposed by the terrestrial AIS stations, and for the first time in maritime history providing a real-time unrestricted global view of all shipping regardless of location, and importantly, proximity to a coastline.

Satellites

We receive AIS data from our constellation of LEO satellites. The first satellite, EV-0 was launched by COM DEV in 2008 for the purpose of validating the concept of collecting maritime AIS signals from space, but is now non-operational. Between 2011 and 2013, we launched and commissioned four more advanced AIS satellites, including EV-1, EV-2, EV-5 and EV-6. These satellites incorporated advanced AIS payloads designed to further improve AIS message detection from space. Our satellite constellation grew once again in December 2014 when we announced the successful integration of three advanced in-orbit AIS satellites into our exactView constellation through a contract under which we purchased one satellite, EV-11, and licensed data from two more. These are month to month lease agreements which can be terminated at any point and are subject to minimum service level requirements. The data from these three additional AIS satellites significantly increased the capacity of our global vessel monitoring service, expanded our constellation to eight satellites, and further enhanced our world-leading AIS message detection performance from space. Our new equatorial satellite, EV-9, was launched on September 28, 2015 and commissioning is in progress. We expect to receive data from two additional satellites currently under construction and expected to be launched in 2016.

Ground infrastructure

We have deployed a network of international ground stations designed for highly reliable satellite payload downlinking, payload storage and payload transmission to our primary DPC for processing and distribution. The ground station facilities provide reception of AIS payload downloads and securely cache the payload data locally. The payload data is transmitted using encrypted high capacity links to the primary DPC. Ground stations are often equipped with redundancy devices to ensure the highest level of reliability.

Data processing centres and customer delivery

Upon reception at a ground station, the AIS information is forwarded through an extensive secure Virtual Private Network to one of our two DPCs both of which are located in Ontario, Canada. See “Business of the Company — Systems and Infrastructure.”

Products and services

Through a variety of products and services, we provide what we believe to be the most advanced location-based information on maritime traffic commercially available today. We provide the flexibility needed to customise our services and products suited to the needs of our customers on a timely basis.

Subscription Services encompasses the sale of DaaS, SaaS and IaaS. DaaS includes the provision of continuous data feeds in various formats and delivery systems through secure data connections over the Internet. We provide a SaaS solution that allows users to access the ship information derived from our AIS data sources within an easy-to-use mapping environment. Our value-added and Information Services product offerings encompass our IaaS solutions.

Data Products include raw data and customized reports derived from our extensive and growing archive dating back to July 5, 2010, including more than 6.5 billion S-AIS messages. Since we commenced commercial operations in 2009, we have tracked approximately 300,000 unique vessels.

Other Products and Services include special projects with governments and space agencies to research methods and applications around the satellite AIS business, as well as specific analysis and reporting contracts.

Customers

As the primary supplier of S-AIS data delivery, our customers include both Government departments (defense; intelligence and security; search and rescue; border patrol and maritime safety; government and space agencies and other

ministries and organizations) and Commercial and Other customers (commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting and other academic and research institutions). Our S-AIS data service provides enhanced maritime domain awareness for improved vessel management, scheduling, environmental protection, search and rescue operations, and defence and border securing applications.

Strategic alliances

In July 2014, we announced a strategic alliance with Genscape, a leading real-time energy information supplier to commercial markets. Genscape acquired our existing partner VesselTracker GmbH who provided the use of certain terrestrial stations. Pursuant to a 2012 agreement we included VesselTracker GmbH's Global Terrestrial AIS data into the Company's products and services. In addition VesselTracker offered exactEarth Satellite AIS data, as a distributor, to their customers primarily in the commercial sector. Genscape now provides the most extensive terrestrial AIS information available as well as expansive ship information. The Company's agreements with Genscape are non-exclusive and operate on a revenue share basis.

In May 2014, we entered into a strategic collaboration agreement with SRT aimed at optimizing the reception of low cost AIS transponder transmissions from satellite. SRT is the leading provider of Class B AIS transponders, identifiers and other AIS-based products to the global market. The detection range of AIS transponders by a coastal monitoring system is approximately 50 nautical miles (or approximately 100 kilometres). However many vessels, large and small frequently operate outside of the detection range of such systems. The ability to reliably receive AIS transmissions from Class B transponders from space and therefore without coastal range limitations will enable countries to significantly improve their vessel monitoring capabilities. Under the Company's Agreements with SRT, intellectual property that is jointly developed will be jointly owned by the parties while the originator of such intellectual property will maintain ownership of such intellectual property. SRT acts as a manufacturer and distributor for the physical identifiers (transponders) with exactEarth providing the data collection and distribution services. The service with SRT is currently undergoing customer trials.

On June 8, 2015 we announced the Harris Agreement which will allow us to apply our expertise and technology in AIS signal detections from space on-board Iridium NEXT. The payload utilizes Harris' powerful AppStar applications platform and is expected to employ an in-orbit version of our patented AIS detection algorithms, creating an unrivaled AIS detection capability for global maritime tracking. The Second Generation Constellation will collect information across the entire maritime frequency band, and provide real-time access to and from the ground, enabling real-time delivery of the collected maritime information on a global scale.

Staffing

We rely on the knowledge and talent of our employees and we make use of their expertise in satellite operations, Big Data architecture, web services, software and product development and consulting services. The number of our employees has increased at a rate slower than the rate of growth of our revenue. The number of our employees at the end of fiscal 2014 was 51 (2013: 46, 2012: 42). The number of employees as at July 31, 2015 was 65.

Overall Performance

Target annual operating model

We have developed a target operating model in order to assist our business planning. The annualized model for the medium-term includes: Overall revenue growth at an average annual rate of 30% based on a starting point of fiscal year 2014; Adjusted EBITDA of 15%; gross profit of 50%; product development expense of 15%; selling, marketing and general and administrative expenses consisting of 20% of our overall revenue. The annualized model for the long term includes: Overall revenue growth continuing at an average annual rate of 30%; Adjusted EBITDA of 35%; gross profit of 60%; product development expense of 7.5%; selling, marketing and general and administrative expenses consisting of 17.5% of our overall revenue. The model is forward-looking over the medium-term and long-term and is subject to change and adjustment to respond to changing economic, business and financial conditions and other developments, including developments that we cannot currently predict such as the launch dates of our remaining satellites in the First Generation Constellation. See "Risk Factors". There can be no assurance that we will achieve our target operating model in any respect in any period, and if we do achieve it, such achievement may not be sustained. The model speaks to our objectives only, and is not a forecast, projection or prediction of future results of operations. Investors should not place undue reliance on our target operating model. See "Forward-Looking Statements" and "Risk Factors".

Revenue grew to $15,836 for our 2014 fiscal year from $11,978 in 2013 and $9,640 in fiscal 2012. Government departments are our main target customers since our system capabilities are closely matched to their service requirements. Government customers contributed $12,172 to revenue in 2014 which was a 30% increase from the government customer revenues of $9,331 in 2013 and 50% increase over the government customer revenues of $8,093 in 2012. There was similar growth in non-government department customers during the same period with revenue growing from $1,547 in 2012 to $2,647 in 2013 and $3,664 in 2014.

Revenue for the three and nine months ended July 31, 2015 increased to $7,781 and $19,138 compared to $3,643 and $11,369 in 2014. Government customer revenue for the first three quarters of 2015 increased to $14,554 compared to $8,877 in 2014, and commercial and other increased to $2,867 from $2,492. We have a sales force, marketing strategies and distribution agreements that should allow us to continue to grow with both types of customers.

As at October 31, 2014, we had unrealized subscription revenue totalling $30,894, as compared to the 2013 level of $11,873 and 2012 of $8,539. At July 31, 2015 we had unrealized subscription revenue totalling $18,532. Unrealized subscription revenue represents the amount subscriptions under contract for which we have not yet recognized revenue. Unrealized subscription revenue levels fluctuate as a function of the timing and size of subscription Order Bookings, the remaining length of the subscription terms and exchange rates at the reporting date.

	Subscription revenue expected to be realized in fiscal year:		
October 31, 2014 unrealized subscription revenue	**2015**	**2016**	**2017 and beyond**
$30,894	$18,738	$7,922	$4,234
	61%	26%	13%

	Subscription revenue expected to be realized in fiscal year:		
July 31, 2015 unrealized subscription revenue	**Remainder of 2015**	**2016**	**2017 and beyond**
$18,532	$5,277	$9,086	$4,169
	28%	49%	23%

The expected realization of subscription revenue is based on the remaining term of the subscriptions under contract at the end of 2014. This represents a portion of expected future revenue and actual results may differ materially from these expectations. See “Forward-Looking Statements” and “Risk Factors”.

Volatility in exchange rates between Canadian and foreign currencies such as the US dollar, the Euro and the Pound sterling impact the business as a portion of our revenues are billed in non-Canadian currencies (predominately in Pounds sterling) and recognized in our Consolidated Statements of Financial Position in the form of cash, receivables and payables. The Bank of Canada average noon GBP/CAD exchange rate during fiscal 2014 was $1.8064, which compares to the 2013 average of $1.5917 and the 2012 average of $1.5862. The Bank of Canada average noon Euro/CAD exchange rate during fiscal 2014 was $1.4702, which compares to the 2013 average of $1.3443 and the 2012 average of $1.2980. The Bank of Canada average noon USD/CAD exchange rate during fiscal 2014 was $1.0906, which compares to the 2013 average of $1.0198 and the 2012 average of $1.0047.

The Bank of Canada average noon GBP/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.8540 and $1.8773 compared to $1.8323 and $1.8066 in 2014. The Bank of Canada average noon Euro/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.4149 and $1.3906 compared to $1.4719 and $1.4833 in 2014. The Bank of Canada average noon USD/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.1704 and $1.2217 compared to $1.0817 and $1.0856 in 2014.

We continued to make progress on our business plan throughout the periods reported. We achieved EBITDA of $1,697 for fiscal 2014 (2013: $395, 2012: ($3,651)), had Order Bookings of $34,857 (2013: $15,312, 2012: $13,644) and generated revenue of $15,836 (2013: $11,978, 2012: $9,640). We achieved EBITDA for the three and nine months ended July 31, 2015 of $1,995 and $3,597 (2014: $41 and $1,188), Order Bookings of $5,013 and $9,050 (2014: $4,540 and $15,786) and generated revenue of $7,781 and $19,138 (2014: $3,643 and $11,369). For further details, please refer to the EBITDA reconciliation included later in this MD&A.

In 2013, we signed an interest-free loan agreement with the Federal Development Agency for Southern Ontario (“**FED DEV**”). Under this agreement, we are eligible to receive interest free repayable funding to a maximum of $2,491 to offset capital and operating expenditures. In 2014, we received cash proceeds of $583 (2013: $1,879) from FED DEV. For

additional information, refer to note 4 (Government assistance) and note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

On July 30, 2012, COM DEV and Hisdesat made available a revolving credit facility. The outstanding balance net of issue costs as at October 31, 2014 was $10,384 (2013: $8,014, 2012: $3,902). The facility had an initial term of one year and may be renewed for successive one-year periods at the option of the lender. COM DEV and Hisdesat have formally agreed to waive their rights to demand repayment of the principal owing until August 1, 2016. We can make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month. We made interest payments totalling $802 in 2014 (2013: $438, 2012: $106) and have not made any principal payments. In addition, we had accounts payable to COM DEV, primarily related to capital in progress for data rights and satellites, purchase of services and rent of $19,683 (2013: $18,209, 2012: $16,186). The balance was non-interest bearing during 2012-2014. For additional information, refer to note 7 (Loans payable, financial instruments and foreign exchange) and note 15 (Related parties) in the notes to the Consolidated Financial Statements.

The outstanding shareholder credit facility balance net of issue costs as at July 31, 2015 was $19,227, and the outstanding accounts payable to shareholders was $25,602. During the three and nine months ended July 31, 2015, we incurred interest expense on shareholder loans totalling $326 and $894 compared to $205 and $596 in 2014. COM DEV and Hisdesat also charged interest on accounts payable for the three and nine months ended July 31, 2015 of $424 and $1,156. For additional information, refer to note 6 (Loans payable, financial instruments and foreign exchange) and note 12 (Related parties) in the notes to the Interim Condensed Consolidated Financial Statements.

For an analysis of risks we face, please refer to the section titled “Risk Factors” in this MD&A.

Selected Annual Information

(in thousands of dollars except per share amounts)	2014	2013	2012
Revenue	$15,836	$11,978	$9,640
Gross Margin	8,140	5,334	2,187
Gross Margin %	51.4%	44.5%	22.7%
EBITDA[(1)]	1,697	395	(3,651)
EBITDA Margin[(1)]	10.7%	3.3%	(37.9)%
Loss from Operations	(3,005)	(4,111)	(5,804)
Net loss	(3,705)	(4,113)	(5,933)
Basic and diluted earnings per share	(0.33)	(0.37)	(0.53)
Total assets	62,888	58,581	
Deferred Revenue	977	367	
Other current liabilities	5,598	2,526	
Loans and borrowings	31,781	27,578	
Other non-current liabilities	176	—	

(1) As defined in non-IFRS measures.

Results of Operations

Revenue

We sell products in three broad categories: Subscription Services, Data Products and Other Products and Services. Generally, Subscription Services are sold with a one year period of service so that revenue is recognized equally over the contract term. Data Products and Other Products and Services are generally sold on an as-demanded basis and the revenue is recognized when the product is delivered to the customer. Revenue for the Data Products and for the Other Products and Services tends to be less predictable and is subject to fluctuations from one period to the next.

Revenues for the year ended October 31, 2014:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$9,707	$886	$1,579	$12,172
Commercial and Other	2,960	606	98	3,664
Total revenue	$12,667	$1,492	$1,677	$15,836

Revenues for the year ended October 31, 2013:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$8,383	$336	$612	$9,331
Commercial and Other	2,187	171	289	2,647
Total revenue	$10,570	$507	$901	$11,978

Revenues for the year ended October 31, 2012:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$7,257	$130	$706	$8,093
Commercial and Other	1,090	—	457	1,547
Total revenue	$8,347	$130	$1,163	$9,640

Our total revenue for 2014 was $15,836 compared to $11,978 in 2013 and $9,640 in 2012. The increasing trend in revenue is the result of both our growing customer base and the continuous expansion of our product offerings. This trend is expected to continue as we expand our satellite constellation on- board Iridium NEXT, expand our maritime market reach to new customers and applications and increase our data product offerings and other value-added services.

Subscription Services revenue was $12,667 in 2014 growing from $10,570 in 2013 and $8,347 in 2012. This subscription-based revenue represented 80% of our total revenue in 2014 compared to 88% in 2013 and 87% in 2012. Our Subscription Services revenue is more predictable and steady, and therefore provides a solid foundation for our revenue growth. Revenue from Data Products increased from $130 in 2012 to $507 in 2013 and $1,492 in 2014 which reflects our growing product offerings. Revenue from Other Products & Services, which are not predictable as they are generated from on-demand customer requests, was $1,163 in 2012, $901 in 2013 and $1,677 in 2014.

Revenues for the three months ended July 31, 2015:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$4,156	$4	$754	$4,914
Commercial and other	980	1,887	—	2,867
Total revenue	$5,136	$1,891	$754	$7,781

Revenues for the nine months ended July 31, 2015:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$12,724	$218	$1,612	$14,554
Commercial and other	2,571	2,013	—	4,584
Total revenue	$15,295	$2,231	$1,612	$19,138

Revenues for the three months ended August 1, 2014:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$2,301	$9	$378	$2,688
Commercial and other	874	64	17	955
Total revenue	$3,175	$73	$395	$3,643

Revenues for the nine months ended August 1, 2014:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$6,822	$885	$1,170	$8,877
Commercial and other	2,137	277	78	2,492
Total revenue	$8,959	$1,162	$1,248	$11,369

Our total revenue for the three and nine months ended July 31, 2015 was $7,781 and $19,138, compared to $3,643 and $11,369 in 2014. Revenue in all categories increased as compared to prior year due to the increased subscription base, additional product offerings, and increased project revenues.

Revenue by quarter

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Q4 2013	3,038	154	575	3,767
Q1 2014	2,976	78	386	3,440
Q2 2014	2,808	1,011	467	4,286
Q3 2014	3,175	73	395	3,643
Q4 2014	3,708	329	430	4,467
Q1 2015	5,057	56	305	5,418
Q2 2015	5,093	553	293	5,939
Q3 2015	5,136	1,891	754	7,781

Subscription Services revenue fluctuates depending on the number of days in a quarter and timing of subscription renewals. When normalized for the number of days per quarter, we have seen a steady increase in subscription revenue as customer base trended up. Purchases of Data Products and Other Products & Services is on demand, and therefore less predictable.

Gross profit

	Years ended October 31			% Change	
(in thousands of dollars)	2014	2013	2012	Year over year 2014/2013	Year over year 2013/2012
Gross profit	$8,140	$5,334	$2,187	53%	144%
Gross margin	51.4%	44.5%	22.7%		

Gross margin for 2014 averaged 51.4% compared to 44.5% in 2013 and 22.7% in 2012. Our gross margin increased both during 2014 and 2013 due to higher revenue from our growing customer base and the successful commissioning of additional satellites, offsetting the increased operational costs of our expanded satellite constellation. Costs increase relative to the number of satellites and ground stations, and volume of data processing, rather than relative to the number of customers. Therefore, we expect that our cost base will grow more slowly than the growth of our revenues which will result in increased gross margins. See “Business of the Company — Cost Structure.”

(in thousands of dollars)	Three months ended July 31, 2015	August 1, 2014	% Change
Gross profit	$5,010	$1,644	205%
Gross margin	64.4%	45.1%	

(in thousands of dollars)	Nine months ended July 31, 2015	August 1, 2014	% Change
Gross profit	$11,233	$5,610	100%
Gross margin	58.7%	49.3%	

Gross margin for the three and nine months ended July 31, 2015 averaged 64.4% and 58.7% compared to 45.1% and 49.3% in 2014. Our gross margin increased as compared to prior year due to higher revenue, offsetting the increased operational costs of our expanded satellite constellation.

Other expenses

(in thousands of dollars)	Years ended October 31 2014	2013	2012	% Change Year over year 2014/ 2013	Year over year 2013/ 2012
Research and development expenses	$54	$138	$190	(61)%	(27)%
Selling, general and administrative expenses	5,426	4,410	4,504	23%	(2)%
Product development	928	650	710	43%	(8)%
Restructuring	—	96	365	(100)%	(74)%
Interest expense	665	357	60	86%	495%
Foreign exchange loss	108	3	29	3,500%	(90)%
Other income	(78)	(409)	—	(81)%	n/a
Other expense	5	51	40	(90)%	28%

Research and development (R&D)

(in thousands of dollars)	Year ended October 31 2014	2013	2012	% Change Year over year 2014/ 2013	Year over year 2013/ 2012
Research and development costs	$63	$240	$214	(74)%	12%
Research and development recovery	(9)	(102)	(24)	(91)%	325%
Net research and development expense	$54	$138	$190	(61)%	(27)%

With the external funding sources, there was $54 net expense for research and development in 2014 compared to a net expense of $138 in 2013 and $190 in 2012. R&D has decreased from prior years as the technology used to receive and de-collide AIS signals has matured and efforts have been more focused on customer facing product development.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to $5,426 in 2014 compared to $4,410 in 2013 and $4,504 in 2012. Selling expenses will fluctuate from quarter to quarter and year to year depending on the volume of new subscriptions versus renewals and the timing of renewals. General expenses increased, reflecting our investment as we execute on our strategic plan.

Product development

Product development expenses increased to $928 in 2014 compared to $650 in 2013 and $710 in 2012 as more web based functionality was developed and new product offerings were in progress. The increase in 2014 related to the successful development and launch of the ShipView platform and exactAIS Density Maps.

Restructuring

We did not incur restructuring charges in 2014 compared to $96 in restructuring charges in 2013 and $365 in 2012. Restructuring during 2012 and 2013 was primarily related to the elimination and combination of certain executive level positions.

Interest expense

Interest charges primarily relate to our outstanding term debt facilities. We incurred interest expense of $665 in 2014 compared to $357 in 2013 and $60 in 2012. The increases year over year are primarily attributed to the increase in shareholder and government loans.

Foreign exchange

Foreign exchange amounts in the Consolidated Statements of Comprehensive Loss include realized and unrealized gains and losses that result from translation of foreign denominated balances in our Consolidated Statements of Financial Position. The impact of translation of outstanding foreign denominated balances in the Consolidated Statements of Financial Position and of settling foreign denominated balances into cash during the year was a loss of $108 in 2014, compared to a loss of $3 in 2013 and a loss of $29 in 2012.

Other income

Other income of $78 in 2014 compared to $409 in 2013 and nil in 2012 is related to the Fed Dev operating grant income. For additional information refer to note 4 (Government assistance) in the notes to the Consolidated Financial Statements.

Other expense

Other expense of $5 in 2014 compared to $51 in 2013 and $40 in 2012 comprising amortization of deferred financing expense and other miscellaneous expenses. For additional information refer to note 11 (Other expense) in the notes to the Consolidated Financial Statements.

Other expenses Q3

	Three months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Research and development	$15	$16	(6)%
Selling, general and administrative	2,599	1,275	104%
Product development	345	259	33%
Interest expense	316	171	85%
Foreign exchange loss	28	53	(47)%
Other income	—	—	n/a
Other expense	28	—	n/a

(in thousands of dollars)	Nine months ended July 31, 2015	August 1, 2014	% Change
Research and development	$46	$39	18%
Selling, general and administrative	6,194	3,893	59%
Product development	1,046	668	57%
Interest expense	983	508	94%
Foreign exchange loss (gain)	295	(102)	(389)%
Other income	—	(80)	(100)%
Other expense	55	4	1275%

Research and development (R&D)

R&D expenses remain low in the first three quarters of 2015 due to the maturity of the technology used to receive and de-collide AIS signals.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to $2,599 and $6,194 in the three and nine months ended July 31, 2015 compared to $1,275 and $3,893 in 2014. Selling expenses will fluctuate from quarter to quarter and year to year depending on the volume of new subscriptions versus renewals and the timing of renewals. General expenses increased, reflecting our investment as we execute on our strategic plan.

Product development

Product development expenses increased to $345 and $1,046 in the three and nine months ended July 31, 2015 compared to $259 and $668 in 2014 as more web based functionality is under development and new product offerings are in progress.

Interest expense

Interest charges primarily relate to our outstanding term debt facilities. We incurred interest expense of $316 and $983 in the three and nine months ended July 31, 2015 compared to $171 and $508 in 2014. The increases year over year are attributed to the increase in shareholder and government loans and the initiation of interest charges on intercompany balances due to shareholders.

Foreign exchange

Foreign exchange amounts in the Consolidated Statements of Comprehensive Loss include realized and unrealized gains and losses that result from translation of foreign denominated balances in our Interim Consolidated Statements of Financial Position. The impact of translation of outstanding foreign denominated balances in the Interim Consolidated Statements of Financial Position and of settling foreign denominated balances into cash during the three and nine months ended July 31, 2015 was a loss of $28 and $295, compared to a loss of $53 and a gain of $102 in 2014.

Other income

Other income was nil in 2015 compared to nil and $80 in the three and nine months ended August 1, 2014. Other income in 2014 related to the Fed Dev operating grant income. For additional information refer to note 3 (Government assistance) in the notes to the Interim Condensed Consolidated Financial Statements.

Other expense

Other expense of $28 and $55 in the three and nine months ended July 31, 2015 compared to nil and $4 in 2014 is comprised of amortization of deferred financing expense and other miscellaneous expenses.

EBITDA

EBITDA for the years ended October 31:

	2014	2013	2012
Net loss	$(3,705)	$(4,113)	$(5,933)
Interest expense	665	357	60
Income tax expense	—	—	—
Depreciation and amortization	4,737	4,151	2,222
EBITDA	$1,697	$395	$(3,651)
Offering related expenses	—	—	—
Unrealized foreign exchange loss (gain)	112	(18)	(46)
Share-based compensation	2	32	71
Adjusted EBITDA	$1,811	$409	$(3,626)

EBITDA Q3 2015:

	Three months ended		Nine months ended	
	July 31, 2015	August 1, 2014	July 31, 2015	August 1, 2014
Net income (loss)	$309	$(1,383)	$(1,496)	$(2,773)
Interest expense	316	171	983	508
Income tax expense	—	—	—	—
Depreciation and amortization	1,370	1,253	4,110	3,453
EBITDA	$1,995	$41	$3,597	$1,188
Offering related expenses	1,302	—	1,574	—
Unrealized foreign exchange loss (gain)	317	4	486	(116)
Share-based compensation	—	—	—	2
Adjusted EBITDA	$3,614	$45	$5,657	$1,074

We expect EBITDA and Adjusted EBITDA to continue to increase as revenues scale up faster than costs.

Net loss

Net loss was $3,705 in 2014, compared to $4,113 in 2013 and $5,933 in 2012. The decrease in net loss is primarily attributed to increasing revenues year over year as the number of customers and product offerings increase. The increase in revenues were partially offset by increasing operating, development, selling and depreciation costs as ground stations were added, personnel increased and additional satellite assets were commissioned.

The Company recognized net income of $309 and a net loss of $1,496 in the three and nine months ended July 31, 2015, compared to a net loss of $1,383 and $2,773 in 2014. The increase in net loss is primarily attributed to increasing operating, development, selling and depreciation costs as ground stations were added, personnel increased and additional satellite assets were commissioned, along with increased costs of executing our strategic plan. These cost increases were partially offset by increasing revenues year over year as the number of customers and product offerings increased.

Projects not yet generating operating revenue

Over the last two years, we have been negotiating with Harris to design and build the Second Generation Constellation maritime satellite system auxiliary components (payloads) to be hosted on Iridium NEXT. Those negotiations were successfully concluded on June 8, 2015 with the announcement of the Harris Agreement.

The payloads are expected to begin deployment in the fall of 2016 with full service expected by the beginning of 2018. When fully deployed, the Second Generation Constellation will provide persistent real-time global coverage with detection performance rivaling ground based systems. The robustness of the constellation, programmability of the payloads and support for multiple in- orbit applications makes this the global maritime information collection system designed to meet and exceed the needs and expectations of the world’s maritime community for the foreseeable future.

Under the Harris Agreement, we and Harris have agreed to share our respective AIS data product revenue with each other, on terms set forth in the Harris Agreement. The table below outlines the revenue sharing terms as set forth in the Harris Agreement:

Revenue Source	Revenue Sharing Agreement (Percentages of Revenue)[1][2]	
	Before IOC	After IOC
exactEarth Ltd. Payments to Harris		
All AIS Data Revenue[6]	• No revenue sharing until one year after initial payloads in service • Thereafter sharing per post-IOC levels with a one year delay[3]	• 40% on the first US$40 million of annual data revenue • 33% of annual data revenue in excess of US$40 million
Harris Payments to exactEarth Ltd.		
Revenue related to Class A Transponders	• 50% of data revenues achieved by Harris resulting from Harris data sales to the US government[4] • 33% of Class A Harris non-U.S. Government revenue[7]	• 18% of U.S. Government revenue • 33% of Class A Harris non-U.S. Government revenue[7]
Revenue related to Non-Class A Transponders	• 50% of all revenues	
ShipView™	• 50% of U.S. Government revenues related to the sales of ShipView™ licenses[4]	
Harris Proprietary Products[5]	• 5% of all revenue	
Payments related to Future Products		
Future Products	• If both parties contributed to investments required to produce and develop new product and proportion of respective contribution then the revenue shares outlined above apply • In the case where one party does not make any investment in the new product, they will be entitled to 40% of revenue from its own territory and 5% of revenue made by the other party until the other party recovers its costs plus 50% • Afterwards, normal revenue sharing applies, as outlined in the categories above	

(1) Under the terms of the Harris Agreement, each of us and Harris must meet certain minimum revenue targets. See the section titled "Risk Factors" for information related to the revenue sharing terms of the Harris Agreement.

(2) Included in revenue under this agreement is revenue derived from (a) the sales of AIS or VHF data and (b) the data portion (but not the value-added portion) with respect to sale of value added products and services. Future products which are added over time will follow this same model (i.e. revenue share on raw data content but not on value-added portion).

(3) Pre-IOC, the revenue sharing percentage is multiplied by the ratio of commissioned Second Generation Constellation satellites to the total amount of satellites expected to be commissioned as part of the Second Generation Constellation (as measured on the date one year prior to the end of our most recent fiscal quarter-end). The ratio will depend on the number and timing of satellites that are successfully launched and commissioned. The Company believes that under a best-case scenario the first batch of 10 satellites could be launched in the Company's 3rd fiscal quarter of 2016. So for illustration purposes if the first 10 Second Generation Satellites are brought into service at the beginning of Q4 2016 then with respect to AIS/VHF data revenues achieved by exactEarth during Q4 2017 exactEarth would make a revenue share payment to Harris equal to 10/58 x 40% of such revenues. No revenue payment would be due with respect to any revenues earned before that time. For revenues earned in subsequent quarters the same sharing ratio would be used unless additional Second Generation Satellites had been commissioned a year earlier in which case the revised total of operating satellites would be used and the revenue share ratio to be applied in that subsequent quarter would be similarly recalculated. (e.g. if 10 more satellites were brought into service in Q1 of 2017 then the revenue share ratio to be applied in Q12018 would be 20/58 x 40%) and so on until IOC is achieved after which the sharing ratio is 40% on the first US$10M of quarterly revenue achieved.

(4) At the beginning of the agreement a different revenue share is applied to Harris US Government revenues until the earlier of March 31, 2016 or the achievement of the "revenue trigger". The "revenue trigger" under the Harris Agreement means the time at which the combined total of: (i) 35% of the aggregate Revenue related to Class A Transponders and (ii) 35% of the aggregate Shipview revenue after June 8, 2015 meets or exceeds $790,000. Prior to the above criteria being achieved the revenue share on US Government revenues or ShipView license sales paid by Harris shall be 15%, after these criteria are achieved the revenue share shall be as shown in the table above.

(5) Under the agreement Harris has the right to utilize up to 10% of the capacity of the Second Generation Constellation for Harris Proprietary Products. Harris Proprietary Products means data products specifically generated for Harris proprietary applications by the Second Generation Constellation.

(6) As described in Note 13 (Segment and Geographic Information) in the notes to the Consolidated Financial Statements, the Company's revenue is divided into three categories based on the types of products sold. As an illustration, the revenue shares that would have applied to the financial years ended October 31, 2014, 2013 and 2012, assuming post-IOC levels, would have been approximately: (i) Subscription Services 40%; (ii) Data Products 40%; (iii) Other Products & Services 0%. The non-AIS data component of Subscription Services and of Data Products revenue would have been approximately zero since the Company's main non-AIS data product, Shipview, was released to the market late in the financial year ended October 31, 2014. The revenue shares that would have applied to the financial years ended October 31, 2014, 2013 and 2012, assuming post-IOC levels, would have resulted in all of the Subscription Services and Data Products being subject to AIS data revenue. As a reference point for the 12 months ending July 31, 2015 approximately 91% of exactEarth total revenues would have been subject to revenue share under the agreement if Second Generation Constellation satellites had been deployed.

(7) Under the agreement the Parties may agree in certain specific cases to allow the other Party to sell data within their Territory. In the event that exactEarth agrees to such exceptions then the revenue sharing terms described shall occur.

In addition to the revenue-sharing payments described above, the Harris Agreement contemplates certain payments between us and Harris:

Pre-IOC

- We will pay Harris US$10 million in commitment fees in a number of installments by June 20, 2016, of which US$7 million has already been paid and of which the remaining payment of US$3 million is due on June 20, 2016;
- We will pay Harris US$50,000 per year for each satellite put in service as part of the Second Generation Constellation (up to US$750,000 per quarter); and
- Harris made a US$2.5 million one-time payment to us in July 2015 as consideration for co-ownership rights to our historical AIS data for the two year period preceding the agreement and in respect of our placing our disaster recovery and backup media items into escrow. We delivered one year of this archive during our fiscal Q3 and expect to deliver the second year during fiscal Q4 2015.

Post-IOC

- We will pay Harris US$3 million annually, payable in quarterly installments.

Following the fifth anniversary of IOC, we are required to generate a minimum of US$51 million in annual revenue, while Harris is required to generate US$14 million in annual revenue, in each case in respect of products contemplated under the Harris Agreement. If a party to the Harris Agreement does not meet the minimum annual revenue requirements and also fails to achieve a sufficient share of the total commercial S-AIS market as determined by the ACT, then the defaulting party shall elect either to (i) forego exclusivity in its territory, following which the non-defaulting party must pay to the defaulting party 33% of the non-defaulting party's revenue generated from the territory that had formerly been exclusive to the defaulting party, or (ii) pay to the non-defaulting party an amount equal to the revenue share that would have been payable to the non-defaulting party had the minimum annual revenue target been met. Additional conditions are described in "Risk Factors".

The Harris Agreement remains in effect until the later of 12.5 years after IOC, or when the Second Generation Constellation does not meet certain service levels. We are restricted from entering into business arrangements that are contrary to, or that conflict with the Harris Agreement, and have agreed to participate exclusively with Harris during this period. The Harris Agreement relies on the deployment of a satellite constellation and certain advanced technology. As such, it carries various risks which are further described under "Risk Factors".

Financial position

The following chart outlines the significant changes in the Consolidated Statements of Financial Position between October 31, 2013 and October 31, 2014:

(in thousands of dollars)	Increase/ (Decrease)	Explanation
Cash and cash equivalents	$788	Refer to the Consolidated Statements of Cash Flows in the Interim Condensed Consolidated Financial Statements.
Accounts receivable	$326	Billings exceeded collections in 2014.
Unbilled revenue	$1,470	Unbilled revenue reflects the amount of revenue recognized in advance of billings. The balance increased due to revenue recognition outpacing billings compared to prior year end.
Prepaid expenses and other	$85	Miscellaneous prepaid expenses, accrued at a rate faster than the related expenses were recognized.
Property, plant and equipment	$(766)	Value of property, plant and equipment decreased as a result of $3,591 of depreciation, offset by capital expenditures of $2,794 and $31 relating to foreign exchange.
Intangible assets	$2,370	Intangible assets increased as a result of capital expenditures of $3,517, and were reduced by $1,147 of amortization.
Current accounts payable and accrued liabilities	$2,853	Increase in trade payables and accrued expense accounts outstanding at the end of Q3 2015, primarily attributed to timing.

Deferred revenue	$610	Deferred revenue reflects the amount of billings that occur in advance of us recognizing revenue. The increase reflects this timing difference where billings outpaced revenue as compared to prior year end.
Due to related parties (current and non-current)	$3,844	Increase due to related parties is primarily attributed to the advances on the shareholder loan.
Government loan payable (current and non-current)	$578	Increase in government loan payable is primarily attributed to advances and imputed interest on the FED DEV loan.
Long-term profit sharing plan liability	$176	Increase in the long-term profit sharing plan during 2014 related to additional expected earnings growth.
Deficit	$3,705	Net loss of $3,705.
Accumulated other comprehensive loss	$(50)	Increase attributed to foreign exchange on translation of the foreign subsidiary for the year ended October 31, 2014.

The following chart outlines the significant changes in the Consolidated Statements of Financial Position between October 31, 2014 and July 31, 2015:

(in thousands of dollars)	Increase/ (Decrease)	Explanation
Cash and cash equivalents	$1,130	Refer to the Consolidated Statements of Cash Flows in the Interim Condensed Consolidated Financial Statements.
Accounts receivable	$1,933	Billings exceeded collections in the first three quarters of 2015.
Unbilled revenue	$(184)	Unbilled revenue reflects the amount of revenue recognized in advance of billings. The balance decreased due to billings outpacing revenue recognition compared to prior year end.
Prepaid expenses and other	$1,327	Miscellaneous prepaid expenses, accrued at a rate faster than the related expenses were recognized.
Property, plant and equipment	$7,003	Value of property, plant and equipment increased as a result of capital expenditures of $10,034 and $60 relating to foreign exchange, offset by $3,091 of depreciation.
Intangible assets	$9,716	Intangible assets increased as a result of capital expenditures of $10,735, offset by $1,019 of amortization.
Current accounts payable and accrued liabilities	$5,473	Increase in trade payables and accrued expense accounts outstanding at the end of Q3 2015, primarily attributed to timing.
Deferred revenue	$1,717	Deferred revenue reflects the amount of billings that occur in advance of us recognizing revenue. The decrease reflects this timing difference where revenue outpaced billings as compared to prior year end.
Due to related parties (current and non-current)	$14,905	Increase in due to related parties is primarily attributed to the advances on the shareholder loan and deferral of amounts due to related parties.
Government loan payable (current and non-current)	$(87)	Decrease in government loan payable is primarily attributed principle payments made, offset by imputed interest on the FED DEV loan.
Long-term profit sharing plan liability	$609	Increase in the long-term profit sharing plan related to additional accrual of expense for the first nine months of 2015.
Deficit	$1,496	Net loss of $1,496.
Accumulated other comprehensive loss	$(252)	Increase attributed to foreign exchange on translation of the foreign subsidiary for the nine months ended July 31, 2015.

Liquidity and capital resources

The key liquidity and capital resource items are as follows:

(in thousands of dollars)	July 31, 2015	October 31, 2014	October 31, 2013	% Change 2015/2014	% Change 2014/2013
Cash	$3,533	$2,403	$1,615	47%	49%
Trade accounts receivable	4,759	2,826	2,500	68%	13%
Accounts payable and accrued liabilities	10,815	5,342	2,489	(10)%	115%
Due to related parties excluding credit facility	25,745	19,683	18,209	31%	8%
COM DEV loan	14,077	7,616	5,854	85%	30%
Hisdesat loan	5,150	2,768	2,160	86%	28%
Government loan	1,883	1,970	1,392	(4)%	42%

Significant cash flows:

(in thousands of dollars)	Years ended October 31, 2014	2013	2012	% Change Year over year 2014/2013	Year over year 2013/2012
Cash from (used in) operating activities	$3,892	$119	$(1,621)	3,171%	(107)%
Cash used in investing activities	(5,930)	(5,911)	(8,157)	0%	(28)%
Cash from financing activities	2,833	5,879	3,931	(52)%	50%
Effect of exchange rate changes on cash and cash equivalents	(7)	24	2	(129)%	1,100%
Net (decrease) increase in cash and cash equivalents	$788	$111	$(5,845)	610%	(102)%
Cash and cash equivalents, beginning of year	1,615	1,504	7,349	7%	(80)%
Cash and cash equivalents, end of year	$2,403	$1,615	$1,504	49%	7%

Operating activities

We generated $3,892 of cash from operating activities in 2014 compared with $119 generated in 2013 and $1,621 used in 2012. We generated $2,508 from changes in working capital in 2014 compared to $364 in 2013 and $2,141 in 2012. The change in non-cash working capital balances in 2014 was mainly due to increases in accounts payable and accrued liabilities and due to related parties, offset by increases in accounts receivable and unbilled revenue.

Investing activities

We used $5,930 of cash for investing activities in 2014 compared with $5,911 in 2013 and $8,157 in 2012. The use of cash in 2014 is the result of acquisitions of property, plant and equipment totalling $2,412 compared to $3,182 in 2013 and $7,233 in 2012 and intangible assets totalling $3,518 compared to $2,729 in 2013 and $924 in 2012. Investments in property, plant and equipment primarily relate to satellite and ground station additions. Investments in intangible assets relate to computer software and data rights.

Financing activities

We generated $2,833 of cash from financing activities in 2014 compared to $5,879 in 2013 and $3,931 in 2012. The increase in cash from financing is primarily related to advances of government and shareholder loans.

	Three months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Cash from operating activities	$2,592	$302	758%
Cash used in investing activities	(7,327)	(638)	1048%
Cash from financing activities	4,393	—	n/a
Effect of exchange rate changes on cash and cash equivalents	413	(61)	(77)%
Net increase in cash and cash equivalents	$71	$(397)	(118)%
Cash and cash equivalents, beginning of year	3,462	3,220	8%
Cash and cash equivalents, end of year	$3,533	$2,823	25%

	Nine months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Cash from operating activities	$4,243	$1,843	130%
Cash used in investing activities	(11,817)	(3,227)	266%
Cash from financing activities	8,311	2,558	225%
Effect of exchange rate changes on cash and cash equivalents	393	34	1056%
Net (decrease) increase in cash and cash equivalents	$1,130	$1,208	(6)%
Cash and cash equivalents, beginning of year	2,403	1,615	49%
Cash and cash equivalents, end of year	$3,533	$2,823	25%

Operating activities

We generated $2,592 and $4,243 of cash from operating activities in the three and nine months ended July 31, 2015 compared with $302 and $1,843 in 2014. We generated $468 and $576 in working capital in the three and nine months ended July 31, 2015 compared to $362 and $943 generated in 2014. The change in non-cash working capital balances in the nine months ended July 31, 2015 was mainly due to an increase in accounts payable and accrued liabilities, due to related parties and deferred revenue and a decrease in unbilled revenue, offset by an increase in accounts receivable, prepaid expenses and other assets.

Investing activities

We used $7,327 and $11,817 of cash for investing activities in the three and nine months ended July 31, 2015 compared with $638 and $3,227 used in 2014. The use of cash in the first nine months of fiscal 2015 is the result of acquisitions of property, plant and equipment totalling $5,183 offset by reimbursement of $371 compared to $1,991 in 2014 and intangible assets totalling $7,005 in the first nine months of fiscal 2015 compared to $1,236 in the first nine months of fiscal 2014. Investments in property, plant and equipment primarily relate to satellite and ground station additions. Investments in intangible assets relate to data rights and computer software.

Financing activities

We generated $4,393 and $8,311 of cash from financing activities in the three and nine months ended July 31, 2015 compared to nil and $2,558 generated in 2014. The increase in cash from financing is primarily related to advances of shareholder loans offset by repayment of the government loan.

Contractual obligations

The following table outlines the contractual obligations (excluding accounts payable and accrued liabilities) as at October 31, 2014:

	Total	Less than one year	1-3 years	4-5 years	After 5 years
Due to related parties	$30,898	$889	$30,009	$—	$—
Lease obligation	22	22	—	—	—
Government loan	2,462	328	1,476	658	—
Long-term profit sharing plan	183	—	183	—	—
Capital commitments	8,684	3,381	5,303	—	—
Total contractual obligations	$42,249	$4,620	$36,971	$658	$—

As at the end of fiscal 2014, we had various contractual obligations, including shareholder and government debt and capital commitments.

The following table outlines the contractual obligations (excluding accounts payable and accrued liabilities) as at July 31, 2015:

	Total	Less than one year	1-3 years	4-5 years	After 5 years
Due to related parties	$44,972	$233	$44,739	$—	$—
Lease obligation	113	50	63	—	—
Government loan	2,256	492	1,477	287	—
Long-term profit sharing plan	815	—	815	—	—
Capital commitments	3,851	3,851	—	—	—
Total contractual obligations	$52,007	$4,626	$47,094	$287	$—

As at July 31, 2015, we had various contractual obligations, including shareholder and government debt and capital commitments. The Company has entered into an arrangement effective March 17, 2015 and has committed to provide in-kind datasets, not licensed for commercial use, in exchange for title to the EV9 satellite, subject to certain restrictions on the use, sale or transfer of the satellite within the six year period ending March 31, 2021. Once the contributions are made and the six year period has expired, the Company will have free title to the EV9 satellite. No datasets have been transferred as at July 31, 2015. For additional information, refer to note 6 (Loans payable, financial instruments and foreign exchange) and note 8 (Commitments and contingencies) in the notes to the Interim Condensed Consolidated Financial Statements.

Credit facilities

As at the end of fiscal 2014, we had balances owing under our credit facilities with COM DEV and Hisdesat of $10,384 and with FED DEV of $1,970. For additional information refer to note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

As at July 31, 2015, we had outstanding balances under our credit facilities with COM DEV and Hisdesat of $19,227 and with FED DEV of $1,883. For additional information refer to note 6 (Loans payable, financial instruments and foreign exchange) in the notes to the Interim Condensed Consolidated Financial Statements. We believe that we have sufficient resources to allow us to meet our business plan objectives, including normal commitments for capital expenditures for the current fiscal year.

Off-balance sheet arrangements

As at the end of 2014 fiscal year, we do not have any off-balance sheet arrangements, other than operating leases as disclosed in note 10 (Commitments and contingencies) in the notes to the Consolidated Financial Statements.

As at July 31, 2015, we do not have any off-balance sheet arrangements, other than operating leases as disclosed in note 8 (Commitments and contingencies) in the notes to the Interim Condensed Consolidated Financial Statements.

Transactions with related parties

During 2012, Hisdesat and COM DEV made available a revolving credit facility to us which is described in note 7 (a)(i) and (ii) in the notes to the Consolidated Financial Statements. During 2014, we made incurred interest expense on these loans totalling $802 compared to $438 in 2013 and $106 in 2012. In addition, we have accounts payable to COM DEV, primarily related to capital in progress for data rights and satellites, purchase of services and rent. The accounts payable to COM DEV were non-interest bearing until the end of fiscal 2014. For additional information, refer to note 15 (Related parties) in the notes to the Consolidated Financial Statements.

During the three and nine months ended July 31, 2015, we incurred interest expense on shareholder loans totalling $326 and $894 compared to $205 and $596 in 2014. The interest charged on accounts payable to COM DEV and Hisdesat, primarily related to capital in progress for data rights and satellites, purchase of services and rent for the three and nine months ended July 31, 2015 was $424 and $1,156. For additional information, refer to note 12 (Related parties) in the notes to the Interim Condensed Consolidated Financial Statements.

Proposed transactions

Other than the Spinout Transaction, as at October 31, 2014 and July, 31 2015, we did not have any proposed transactions.

Subsequent Events

Subsequent to the third quarter of fiscal 2015, plans to complete an initial public offering were amended in favour of an alternate transaction. COM DEV has proposed the Spinout Transaction pending approval of the COM DEV Shareholders, the Superior Court of Ontario and certain regulators. If the probability of the Spinout Transaction succeeding becomes likely, the equity transaction costs currently deferred in the consolidated statement of financial position would be recorded as expense. On November 23, 2015, exactEarth announced that it is investing AUD$2M to secure a minority ownership position in technology company Myriota. See “History of the Company”.

Summary of Significant Accounting Policies

Critical accounting estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates are based upon management’s historical experience and various other assumptions that are believed by management to be reasonable under the circumstances. Such assumptions and estimates are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources as well as the periodic recognition of revenue and cost of revenue. Actual results could differ from these estimates.

We believe the following critical accounting policies affect its more significant estimates and assumptions used in the preparation of our financial statements.

Revenue recognition

The majority of revenue is derived from the sale of data subscriptions. For subscription revenue, the timing of cash flows generally precedes the recognition of revenue and income, any initial payments are deferred and recognized rateably as delivered over the subscription period. Revenue is recognized upon delivery for non-subscription data sales.

We occasionally provide goods and services to our customers under long- term contracts. We recognize revenue on long-term contracts on the percentage of completion basis, based on costs incurred relative to the estimated total contract costs. Losses on such contracts are accrued when the estimate of total costs indicates that a loss will be realized. Accruals are drawn down as loss contracts progress. Contract billings received in excess of recognized revenue are included in current liabilities.

Project costs to complete

At the outset of each customer project, an estimate of the total expected cost to complete the scope of work under contract is made. During the course of the projects, these estimates are reviewed and revised to reflect current expectations of cost to complete, and total cost. These estimates are based on specific knowledge of the status of the project, as well as historical understanding of costs on similar projects. Cost elements include material, direct labour, and overhead costs, with labour and overhead costs being determined using pre-established costing rates applied to estimated labour hours required to complete the scope of work under contract. These estimates are reviewed on a monthly and quarterly basis to ensure the estimates reflect the current expectations for total costs, however this is not a guarantee that unforeseen or additional costs won't be incurred, which would have an impact on project total cost, reported revenue, and gross margins. Management believes it has effective control procedures in place to ensure the validity of these estimates at the time they are made.

Useful life of intangible and long-term assets

We have established policies for determining the useful life of our intangible and long-term assets, and amortize the costs of these assets over those useful lives. The useful life for each category of asset is determined based on the expectation of our ability to continue to generate revenues, and thus, our cash flows. This ability is tested periodically to ensure the conditions still exist to allow the asset to be reflected at its net-recorded value in our accounts, and any impairment to the valuation is reflected in such accounts at the time the impairment is determined.

Recoverable amount for long-lived assets

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual asset or at the CGU level if individual assets do not have largely independent cash inflows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Capitalization of development costs

When capitalizing development costs, we must assess the technical and commercial feasibility of the projects and estimate the useful lives of resulting products. Determining whether future economic benefits will flow from the assets, and therefore, the estimates and assumptions associated with these calculations are instrumental in: (i) deciding whether project costs can be capitalized, and (ii) accurately calculating the useful life of our projects.

Employee benefits

We sponsor a defined contribution pension plan for all of our employees. The cost of providing benefits through the defined contribution pension plan is charged to income in the period in which the contributions become payable.

For certain employees, we provide a share in the growth of net income over a three-year period. The liability is calculated using forecasted net income from the applicable periods in excess of a minimum net income at the date of the award and then discounted using the market yields at the end of the reporting period on high quality corporate bonds. The expense is recognized on a straight-line basis over the vesting period of three years.

Financial instruments

The valuation of our financial instruments requires estimation of the fair value of each instrument at the reporting date. Details of the basis on which fair value is estimated are provided in note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

Changes in Accounting Policies Including Initial Adoption

Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations were not effective for the year ended October 31, 2014, and have not been applied in preparing the Consolidated Financial Statements. The following standards

and interpretations have been issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Financial Reporting Standard 9 Financial Instruments: Classification and Measurement

International Financial Reporting Standard 9 Financial Instruments: Classification and Measurement ("**IFRS 9**") as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. On November 19, 2013, the IASB published IFRS 9, Hedge Accounting, which is a part of the third phase of its replacement of IAS 39. The new requirements allow entities to better reflect their risk management activities in the financial statements. As part of the amendments, entities may change the accounting for liabilities that they have elected to measure at fair value before applying any of the requirements in IFRS 9. This change in accounting would mean that gains caused by a worsening in an entity's own credit risk on such liabilities would no longer be recognized in profit or loss. Because the second phase of the IFRS 9 project related to impairment is not yet completed, the IASB decided that a mandatory effective date of January 1, 2015 would not allow sufficient time for entities to prepare to apply IFRS 9. Accordingly, the IASB determined to apply a later mandatory effective date, which will be determined when IFRS 9 is closer to completion. However, entities may still choose to apply IFRS 9 immediately. IFRS 9 must be applied retrospectively; however, hedge accounting is to be applied prospectively (with some exceptions). The amendment becomes effective for us on November 1, 2018. The Company is currently assessing the impact of adopting this new standard.

International Accounting Standard 32 Financial Instruments: Presentation

In December 2011, International Accounting Standard 32 Financial Instruments: Presentation ("**IAS 32**") was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future event. The adoption of the amendment to IAS 32 did not have an impact on the interim condensed consolidated financial statements of the Company.

IFRS Interpretations Committee ("**IFRIC**") 21 Levies

In May 2013, the IFRIC, with the approval by the IASB, issued IFRIC 21 — Levies. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. The adoption of IFRIC 21 did not have an impact on the interim condensed consolidated financial statements of the Company.

International Financial Reporting Standard 15 Revenue from Contracts with Customers

In May 2014, the IASB issued International Accounting Standard 15 Revenue from Contracts with Customers ("**IFRS 15**"), which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. IFRS 15 is currently effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the impact of adopting this new standard.

International Accounting Standard 36, Impairment of Assets

International Accounting Standard 36, Impairment of Assets ("IAS 36") was amended in 2013 to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs to sell. Specifically, for any material impairment losses recognized or reversed during the reporting period, this amendment requires an entity to disclose the recoverable amount of the cash generating unit ("CGU") and when the recoverable amount has been based on fair value less costs to sell, the entity must disclose the level of the IFRS 13 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined. For all measurements at Level 2 or Level 3 of the fair value hierarchy, the entity must disclose the valuation technique used as well as any changes in that valuation technique and key assumptions used in the measurement of fair value including the discount rates used if a present value technique is applied. The amendment became effective for the Company on November 1, 2014. The adoption of the amendment to IAS 36 did not have an impact on the interim condensed consolidated financial statements of the Company.

Outstanding Share Data

We have 11,111,111 issued and outstanding Class A and Class B shares as of the date of this MD&A. As at the Effective Time it is anticipated that we will have 21,637,815 Common Shares issued and outstanding, assuming the Capital Reorganization and the Financing Transactions have been completed, including the maximum number of Common Shares subscribed for by management. See "Capital Reorganization" and "Financing Transactions" in this Appendix "E".

DESCRIPTION OF OUR SECURITIES

Immediately following the Effective Time, our authorized share capital will consist of an unlimited number of Common Shares and an unlimited number of Class A Preferred Shares issuable in series on terms determined by the Board of Directors. Immediately prior to the Effective Time, assuming completion of the Capital Reorganization and the Financing Transactions, including the maximum number of Common Shares subscribed for by management, 21,637,815 Common Shares will be issued and outstanding and there will be no Class A Preferred Shares outstanding. The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares is subject to and qualified in its entirety by reference to our articles and by- laws which will be available under our profile on SEDAR at www.sedar.com following the Effective Time.

Common Shares

The holders of our Common Shares are entitled to one (1) vote in respect of each Common Share held at all meetings of holders of shares. The holders of the Common Shares are entitled to receive any dividends declared by us in respect of our Common Shares. The holders of our Common Shares will be entitled to receive our remaining property and assets available for distribution, after payment of liabilities, upon our liquidation, dissolution or winding-up, whether voluntary or involuntary. For a description of our dividend policy, see "Dividend Policy".

Advance Notice Procedures and Shareholder Proposals

Under the CBCA, shareholders may make proposals for matters to be considered at the annual general meeting of shareholders. Such proposals must be sent to us in advance of any proposed meeting by delivering a timely written notice in proper form to our registered office in accordance with the requirements of the CBCA. The notice must include information on the business the shareholder intends to bring before the meeting.

Our by-laws provide that shareholders seeking to nominate candidates for election as directors must provide timely notice in writing. To be timely, a shareholder's notice must be received at our registered office (i) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by a shareholder may not be given later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

Our by-laws are designed to (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process, (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees, and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

As a whole, these provisions are intended to provide shareholders, directors and our management with a clear framework for nominating directors. These provisions could also have the effect of delaying until the next shareholder meeting the nomination of certain persons for director that are favored by the holders of a majority of our outstanding voting securities.

Other than the advance notice procedures summarized above, our by-laws have terms that are customary for companies incorporated under the CBCA.

The summary of the advance notice requirements under our by-laws described above is qualified in its entirety by reference to the full text of our by- laws, a copy of which will be available under our profile on SEDAR at www.sedar.com.

OPTIONS TO PURCHASE SECURITIES

Prior to the Effective Time, our Board of Directors will establish an incentive stock option plan (the "**Stock Option Plan**"), under which options may be granted to our executive officers, employees and consultants. Directors (other than those who are also executive officers) will not be entitled to stock options. For a summary of the terms of the Stock Option Plan, see "Executive Compensation — Compensation Discussion and Analysis — Long-Term Incentives".

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan as of the Effective Date will be 2,163,781.

As of the Effective Date, after giving effect to the Capital Reorganization and Financing Transactions, options to purchase an aggregate of 1,432,934 Common Shares will be outstanding under the Stock Option Plan. This represents 6.6 % of our outstanding Common Shares after giving effect to both the Capital Reorganization and Financing Transactions. The outstanding options are as described below:

Category	Common Shares Outstanding under Options Granted	Exercise Price[(1)] ($)	Expiry Date
Executive officers (6 in total)	891,203	$6.50	Up to 8 years after grant date
Employees	541,731	$6.50	Up to 8 years after grant date
Other	Nil	n/a	n/a

(1) Represents the weighted average exercise price of all outstanding options to purchase Common Shares, whether vested or unvested. For purposes of this Appendix "E", it is assumed that the exercise price of options issued in connection with the Spinout Transaction will be $6.50, however the actual exercise price will be the greater of (i) $6.50 per share and (ii) the volume weighted average trading price of a Common Share on the TSX for the first five trading days following the Effective Date.

PRIOR SALES

There have been no Common Shares or securities that are convertible into Common Shares that have been issued by us during the twelve-month period prior to the date of this Circular, including for greater certainty, no Class A Common Shares or Class B Common Shares or securities that are convertible into such shares issued by us during such period prior to the Capital Reorganization.

Immediately prior to the Effective Time, the Company will issue the following Common Shares in accordance with the BSA, the Financing Transactions and the Capital Reorganization as set out in this Appendix "E".

Date of Issuance	Issuance Type	Total Issued	Price
Immediately prior to the Effective Time	Common Shares	10,526,704	$6.50 per Common Share

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our Common Shares by the Principal Shareholders as at the date of this Circular and after giving effect to the Capital Reorganization and Financing Transactions. The Principal Shareholders are the only persons who, to the knowledge of our directors and executive officers, beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying 10% or more of the voting rights attaching to any class of our voting securities.

Name	Shares Beneficially Owned Prior to the Spinout Transaction[1]		Shares Beneficially Owned After the Spinout Transaction[1]	
	Number of Common Shares Owned, Controlled or Directed[2]	% of Common Shares	Number of Common Shares Owned, Controlled or Directed	% of Common Shares
COM DEV	15,722,605	72.66%	0	0%
Hisdesat	5,815,210	26.88%	5,815,210	26.88%
Management[3]	100,000	0.46%	100,000	0.46%
Total:	21,637,815	100%	5,915,210	27.34%

Notes:
(1) After giving effect to the Capital Reorganization and the Financing Transactions.
(2) All Common Shares owned, controlled or directed by the Principal Shareholders are owned of record and beneficially.
(3) In accordance with the provisions of the BSA, immediately prior to the Effective Time certain members of senior management of the Company will subscribe for up to 100,000 Common Shares at a price per Common Share of $6.50.

As indicated in the table above, prior to the Spinout Transaction, the Principal Shareholders will own or control, directly or indirectly, an aggregate of 21,637,815 Common Shares representing substantially all of the issued and outstanding Common Shares, assuming the Capital Reorganization and the Financing Transactions have been completed, including the maximum number of Common Shares subscribed for by management. After giving effect to the Spinout Transaction Hisdesat will own or control, directly or indirectly, an aggregate of 5,815,210 Common Shares, representing approximately 26.88% of the outstanding Common Shares, and COM DEV will not own any Common Shares.

Hisdesat

Hisdesat was founded on July 17, 2001 as a government satellite services operator to act primarily in the areas of defense, security, intelligence and foreign affairs. Since 2005, they have been providing secure satellite communications services to government customers in Spain and other allied and friendly countries. Hisdesat is focused on the acquisition, operation and commercialization of systems orientated to space, with the purpose of providing strategic and communication services, for both civil and military applications.

ESCROWED SECURITIES

As at the date of this Circular, no securities of exactEarth are held in escrow or are anticipated to be held in escrow following the Effective Date.

RELATIONSHIPS WITH OUR PRINCIPAL SHAREHOLDERS

On November 5, 2015, COM DEV and the Company entered into a business separation agreement (the "**BSA**") to facilitate the Spinout Transaction. Appended to the BSA are ancillary agreements between the Company and COM DEV. Concurrently with the Effective Time, we and Hisdesat will also enter into a Nominating Agreement. The following is a summary of certain rights and obligations of the parties under the BSA (and the appended ancillary agreements) and the Nominating Agreement, which summary is not intended to be complete, and is qualified by reference to, the terms of the BSA and the Nominating Agreements. The full text of the Nominating Agreement and the BSA will be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

Nominating Agreements

The Board of Directors will initially consist of seven directors. In connection with the Effective Time, we will also enter into a nominating agreement with Hisdesat (the "**Nominating Agreement**"), pursuant to which our Board of Directors will include two directors initially nominated by Hisdesat. Under the Nominating Agreement, for so long as Hisdesat directly or indirectly beneficially owns a specified amount of Common Shares, it will have the right to nominate a specified number of directors for election to the Board of Directors at each annual meeting of the shareholders, as set out in the table below.

Percentage of Common Shares	Number of Directors
Greater than or equal to 20%	2
Less than 20% but not less than 10%	1
Less than 10%	None

The Nominating Agreement shall automatically terminate when Hisdesat and its affiliates have a collective ownership interest in the Company that is less than 10%.

Business Separation Agreement

Pursuant to the BSA, COM DEV and exactEarth have agreed to enter into certain agreements immediately prior to the completion of the Spinout Transaction (all more fully described below), being:

(a) a lease, pursuant to which exactEarth will continue to lease its existing space from COM DEV;
(b) a ground station lease, pursuant to which exactEarth will continue to use, operate and have access to the satellite dish installed on COM DEV's property; and
(c) an undertaking, indemnity and consent agreement, pursuant to which exactEarth will agree to indemnify COM DEV with respect to certain guarantees given by COM DEV for two projects undertaken by exactEarth.

Each of COM DEV and exactEarth have agreed to assume, fully pay, discharge, perform and fulfill all actions in connection with the liabilities for their respective businesses and to perform their respective obligations.

The BSA contains representations and warranties of COM DEV and exactEarth customarily provided in connection with a spinout transaction.

In addition, under the BSA, the Company and COM DEV have agreed to certain steps to be completed prior to the Effective Time of the Spinout Transaction, relating to certain loans owing by us to COM DEV and Hisdesat:

- the Company will make a payment of $9,709,961 to Hisdesat for partial consideration of the termination of the existing shareholders agreement;
- Hisdesat will purchase from the Company $1,882,471 of indebtedness that it holds in the Company, such that immediately following such purchase, the pro rata indebtedness held by COM DEV and Hisdesat in the Company shall be 73% and 27%, respectively;
- COM DEV and Hisdesat will convert all of the indebtedness in the Company that each owns at a price per Common Share of $6.50, for 5,365,340 Common Shares to COM DEV and 1,984,441 Common Shares to Hisdesat (which assumes an enterprise value of $125,000,000);
- COM DEV will subscribe for $14,600,000 of Common Shares and Hisdesat will subscribe for $5,400,000 of Common Shares at a price per common share of $6.50, such that immediately following such subscription, the pro rata equity interest in the Company of COM DEV and Hisdesat shall be 73% and 27%, respectively;
- certain members of senior management of the Company will subscribe for up to 100,000 Common Shares at a price per Common Share of $6.50;
- prior to the distribution of exactEarth shares by COM DEV, exactEarth will amend its articles such that there will be a single class of common shares outstanding.

The BSA provides for indemnification by each of COM DEV and exactEarth. In particular, COM DEV has agreed to indemnify exactEarth in respect of (i) any Misrepresentation or breach of any warranty made or given by the Company in the BSA; (ii) any failure by COM DEV to observe or perform any covenant or obligation contained in the BSA; or (iii) any failure by COM DEV to perform or otherwise properly discharge in accordance with its terms any of COM DEV's liabilities.

exactEarth has agreed to indemnify COM DEV in respect of (i) any misrepresentation or breach of any warranty made or given by exactEarth in the BSA; (ii) any order made, or any inquiry, investigation or proceeding by any Person, including any securities regulator or governmental entity, based on any misrepresentation or any alleged misrepresentation in any information included in this Circular, including Appendix "E" or COM DEV's filings relating to exactEarth, any member of the exactEarth group, the exactEarth business, the exactEarth assets or the exactEarth financial statements; (iii) any failure

by exactEarth to observe or perform any covenant or obligation contained in the BSA; or (iv) any failure by exactEarth to perform or otherwise properly discharge in accordance with its terms any of the exactEarth's liabilities.

The foregoing indemnification obligations do not apply in respect of losses arising from taxes (as defined in the BSA) in relation to the Spinout Transaction and claims for indemnification must be made within 48 months after the Effective Date, except that the foregoing limitation will not apply to losses arising out of or resulting from fraud, bad faith, wilful misconduct or gross negligence.

Lease

We currently rent our office space from COM DEV pursuant to an agreement dated November 1, 2009, as amended and restated on September 30, 2010. Prior to the Effective Time, we will enter into a commercial lease with COM DEV, with respect to this office space.

Ground Station Lease

We currently have a satellite dish antenna and related equipment installed at the premises of COM DEV. Prior to the Effective Time we will enter into a ground station lease with COM DEV to continue the hosting of such equipment.

Undertaking, Indemnity and Consent Agreement

The Principal Shareholders have provided guarantees for certain of our contractual obligations. Following the Effective Time we will use our best efforts to have the Principal Shareholders released from such guarantees, and we will enter into an undertaking, indemnity and consent agreement to indemnify the Principal Shareholders in respect of such guarantees to the extent this is not possible.

In connection with the Undertaking, Indemnity and Consent Agreement, we have agreed to use commercially reasonable efforts prior to the Effective Time to assist COM DEV in the procurement of a performance bond for exactEarth, if necessary, in an amount equal to no less than the full contract price/amount thereunder, on customary market terms in respect of our obligations under a certain operating agreement.

IP License

We have recently acquired patents and patent applications from COM DEV in the field of systematic data distilled from broadcasts of AIS messages. As set out in the BSA, at the Effective Time we will terminate the exclusive, irrevocable, perpetual, world-wide license granted in favour of COM DEV to use the acquired intellectual property for any purpose outside of AIS data (systematic data distilled from broadcasts of AIS messages) applications. See "Risk Factors".

Hosted Payload Agreement

On May 27, 2015 we entered into a hosted payload agreement with Hisdesat. The agreement provides for the hosting of an enhanced AIS receiver and a dedicated downlink unit owned by the Company aboard the EV8 Satellite which is owned and operated by Hisdesat and which is pending launch. See the section "Systems and Infrastructure" above.

Reseller Agreement

Pursuant to a reseller agreement between us and Hisdesat signed in September 2010, Hisdesat acts as a reseller of our products for Spain, certain European customers, and a number of South American countries. This agreement is subject to periodic review between the parties.

DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Circular, our Board of Directors consists of Gary Calhoun, Michael Pley, John Stuart, Miguel Angel Garcia Primo and Miguel Angel Panduro Panadero.

Prior to the Effective Time, each of Gary Calhoun, Michael Pley and John Stuart will resign from the Board and Eric Zahler (Chair), Pui-Ling Chan, Maria Izurieta, The Honorable Dennis Kloske and Peter Mabson will be appointed as

additional directors such that there will be a total of 7 directors at the Effective Time. It is anticipated that Eric Zahler will be the Chair of the Board. Each of the directors will hold office until the next annual general meeting of the Company's shareholders unless the director's office is earlier vacated or the director becomes disqualified to serve as a director.

Assuming the completion of the Capital Reorganization and the Financing Transactions, the current and proposed directors and executive officers (as a group) owned, or exerted direction or control over, a total of 100,000 Common Shares, representing 0.46 % of our total outstanding Common Shares. Peter Mabson, Sean Maybee and certain other members of the management team will subscribe for a maximum of 100,000 Common Shares (for gross proceeds to the Company of up to $650,000 in aggregate).

The following table sets forth information regarding our anticipated directors and officers at the Effective Time.

Name and Place of Residence	Position(s)/Title	Principal Occupation	Independent
Peter Mabson Cambridge, Ontario Canada	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer of the Company	No
Sean Maybee Guelph, Ontario Canada	Chief Financial Officer	Chief Financial Officer of the Company	N/A
Graham Stickler West Montrose, Ontario Canada	VP, Products and Services	VP, Products and Services of the Company	N/A
David Martin Cambridge, Ontario Canada	VP, Global Sales and Marketing	VP, Global Sales and Marketing of the Company	N/A
Philip Miller Kitchener, Ontario Canada	VP, Operations and Engineering	VP, Operations and Engineering of the Company	N/A
Anita Davis, Kitchener, Ontario Canada	VP, Contracts & Organizational Development	VP, Contracts & Organizational Development of the Company	N/A
Eric Zahler[3] New York USA	Director, Chair	Managing Director, Sagamore Capital Group LLC	Yes
Pui-Ling Chan[1][2] Ottawa, Ontario Canada	Director	Business Consultant	Yes
Maria Izurieta[1][2] Virginia USA	Director	Chief Financial Officer, 3Pillar Global	Yes
The Honorable Dennis Kloske[1][3] Paris France	Director	Director, Coldstream Resources, Ltd.	Yes
Miguel Angel Panduro Panadero[3] Madrid Spain	Director	Chief Executive Officer, Hisdesat	Yes
Miguel Angel Garcia Primo[2] Madrid Spain	Director	Chief Operating Officer, Hisdesat	Yes

Notes:
(1) Member of the Audit Committee. Maria Izurieta is chair of the Audit Committee.
(2) Member of the Human Resources and Compensation Committee. Pui-Ling Chan is chair of the Human Resources and Compensation Committee.
(3) Member of the Corporate Governance and Nominating Committee. The Honorable Dennis Kloske is chair of the Corporate Governance and Nominating Committee.

Biographies

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Eric Zahler, *Director*

Mr. Zahler is Managing Director of Sagamore Capital Group LLC, a private equity firm pursuing investments in the aerospace/defense, industrial electronics and selected business service markets. From February 2000 to November 2007, Mr. Zahler was President and Chief Operating Officer of Loral Space & Communications Inc., a global satellite communications services provider and a manufacturer of commercial satellites. From 1992 to 2000, Mr. Zahler held varying senior level management positions at Loral and its predecessor companies. From 1975 to 1992, Mr. Zahler was an attorney at Fried, Frank, Harris, Shriver & Jacobson LLP, where he was elected Partner in 1983. Mr. Zahler holds a Bachelor of Science degree in mathematics from Yale University and a law degree from Harvard Law School. Mr. Zahler is also a director of MacDonald, Dettwiler and Associates Ltd., a global communications and information company listed on the TSX.

Miguel Angel Panduro Panadero, *Director*

Mr. Panduro is the current Chief Executive Officer of Hisdesat, having previously served as the Chief Executive Officer of Ingeniería de Sistemas para la Defensa de España ("**ISDEFE**") between 2004 and 2012. His prior experience also includes roles as a member of the Committee for the Support of Technology COTEC, as management at the European Broadcasting Union's Digital Video Broadcasting and as chairman of the working group of the International Telecommunication Union, in addition to various other board memberships. In 2011, Mr. Panduro was awarded the "Engineer of the Year" by the Spanish Telecommunications Engineer Association. He holds a Master of Science degree in Telecommunication Engineering from the Polytechnic University of Madrid (Spain) as well as various diplomas in corporate governance, strategic business management and project management technology.

Miguel Angel Garcia Primo, *Director*

Mr. Garcia Primo has over 25 years of experience in the civilian and military aeronautics and space industries, in both the private and public sectors. Since 2001, he has been the chief operating officer and chief technical officer of Hisdesat. Mr. Garcia Primo joined us as a board member in 2010, and also serves on the board of several other satellite and communications technology companies. He previously worked at the Spanish National Institute of Aerospace Techology INTA, where his last position was Deputy General Manager for Research and Programs, both aeronautical and space. Mr. Garcia Primo graduated from the Higher Technical School of Aeronautical Engineering at the Polytechnic University of Madrid in 1990 with a master's degree of Aeronautical Engineering and is a member of the Official Aeronautical Engineer Association of Spain.

The Honorable Dennis Kloske, *Director*

The Honorable Mr. Kloske has over 30 years of experience in the areas of technology development, national security and military strategy, having served as a political appointee under three different U.S. administrations. His U.S. Government experience includes appointments as chief of staff and defense cooperation advisor to the U.S. NATO ambassador, armaments advisor to the U.S. deputy secretary of defense, and executive director of the defense cooperation council of the U.S. Department of Defense, among others. In 2009, The Honorable Mr. Kloske established Coldstream Resources Ltd. which focuses on the development of satellites, satellite communication technologies, communications infrastructure and electronic warfare technologies. The Honorable Mr. Kloske is a graduate of Harvard College with an honours degree in International Relations, and studied military history and strategy at Oxford University as a Rhodes Scholar.

Maria Izurieta, *Director*

Ms. Izurieta has over 20 years of strategic and financial management experience in key executive positions in both emerging and publicly-traded technology companies. She is the Chief Financial Officer at 3Pillar Global, and has been the chief executive officer (acting) and chief financial officer of Wireless Matrix, chief financial officer at VIPdesk, and vice president of finance and administration for CyberCash, Inc. Ms. Izurieta began her career as an auditor with Coopers &

Lybrand in its high-technology practice specializing in initial and on-going public offerings. Ms. Izurieta holds a Bachelor of Science degree in Accounting from Virginia Polytechnic Institute and State University.

Pui-Ling Chan, *Director*

Mr. Chan has more than 30 years of experience in the communications product, computer science and financial investment sectors. From 2003 to 2015 Mr. Chan was the CEO of Skywave Communications Ltd, a leading provider of satellite terminal and communications services to the global land and maritime application markets. Previously Mr. Chan was the General Partner of McLean Watson Capital, a private equity investment firm and served on several investee boards. He has also held senior executive positions in several software companies (Simba Technologies, Andyne Computing, Cognos Incorporated). Mr. Chan has a BSc(Hon) in computer science and statistics from the University of Waterloo.

Executive Officer Who Also Serves as a Director

Peter Mabson, *President, Chief Executive Officer and Director*

Mr. Mabson has 30 years of experience in the space sector and products businesses. Prior to joining the Company as President in 2009, Mr. Mabson held various executive positions within COM DEV. From 2002 until 2009, Mr. Mabson was Vice President of Corporate Development of COM DEV where he was responsible for corporate strategic planning and for mergers and acquisitions. Mr. Mabson has authored several technical papers related to satellite communications systems and previously served on the technology advisory board at Conestoga College in Kitchener, Ontario. Mr. Mabson graduated from McMaster University in 1981 with degrees in Engineering Physics and Business Management.

Executive Officers Who Do Not Serve as Directors

Sean Maybee, *Chief Financial Officer*

Mr. Maybee has over 20 years of management experience gained with PriceWaterhouseCoopers LLP, satellite manufacturing businesses, and in the data service industry. Prior to joining the Company in 2012, he was an employee of COM DEV since 2001, where he served as Vice President, Corporate Finance from 2008 to 2012. In that role he was responsible for recommending and implementing COM DEV's corporate financial strategy, including treasury, public reporting, internal controls and mergers and acquisitions. Mr. Maybee graduated from Wilfrid Laurier University, with a BA Honours Economics in 1994, was awarded a CMA designation in 1996, achieved his Certified Public Accountant (Delaware) certificate in 1998, and earned an M.B.A. in 2005 from Wilfrid Laurier University.

Graham Stickler, *Vice President, Products and Services*

Mr. Stickler has over 30 years of experience in the public and private sectors in the design, building and implementation of geospatial based information technology solutions. Prior to joining the Company as Director of Global Marketing in 2011, Mr. Stickler was Marketing Director for Rolta Europe (Reading, UK) from 2009 until 2011, and Product & Marketing Director for 1Spatial Ltd. in Cambridge, UK from 2006 until 2009. He also previously served as Product Director at Exor Corporation (Bristol, UK). Mr. Stickler was also the inaugural Chair of the OGC Working Group on Data Quality. Mr. Stickler graduated from Portsmouth University in the UK with a B.Sc (Hons) in Geographical Science in 1982 and completed a Research Thesis in Satellite Remote Sensing of Irrigated Areas under the M.Sc Program at Cape Town University in South Africa in 1985.

David Martin, *Vice President, Global Sales and Marketing*

Mr. Martin has over 25 years of commercial experience in data solutions services, including enterprise class software products and data service engineering solutions. Mr. Martin joined the Company in 2009 in the role of Vice President, Product Management, where he was responsible for the launch of our AIS data service, and in 2013 was appointed Vice President, Global Sales & Marketing. Prior to joining our team, Mr. Martin was the Vice President Sales & Marketing for Emforium Group Inc., from 2008 until 2009. He was also a Co-Founder and Chief Technology Officer for Metropolitan Systems Inc. Mr. Martin studied mathematics and computer science at the University of Waterloo.

Philip Miller, *Vice President, Operations and Engineering*

Mr. Miller has over 25 years of experience in the satellite and technology fields. Mr. Miller joined the Company in 2009 as a Senior Consultant to lead the implementation and deployment of our satellite constellation, ground station network, data processing and supporting operating staff. Mr. Miller was subsequently appointed Vice President of Operations & Engineering. Prior to joining the Company, Mr. Miller was responsible for the design and implementation of a Global Maritime VSAT Service for Globe Wireless LLC. He has also previously served as Vice President of Product Development for Telemedicine and Informatics at Resmed Corporation, and co-founded AvData Systems. Mr. Miller obtained a B.S degree in Applied Physics from Georgia Institute of Technology in 1983.

Anita Davis, *Vice President, Contracts & Organizational Development*

Ms. Davis is an executive with over 30 years' experience in the satellite industry. Prior to joining the Company in 2010 as Director of Contracts & Human Resources, Ms. Davis held various senior executive positions with COM DEV until 2002 and was responsible for, among other things, managing several high tech joint venture projects in Russia, China and Africa. Ms. Davis currently serves as Vice Chair of Cambridge North Dumfries Hydro Inc., and was previously appointed to Boards of Directors/Governors of Transparency International Canada, Cambridge Memorial Hospital, Women's Crisis Services of Waterloo Region, Trillium Waldorf School and St. John's Kilmarnock School. Ms. Davis graduated from Wilfrid Laurier University with a diploma in Business Administration and holds a Master of Science Degree in Organizational Development from American University, Georgetown, U.S.

Cease Trade Orders

None of our directors or executive officers has, within the 10 years prior to the date of this Circular, been a director, chief executive officer or chief financial officer of any company (including us) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

Bankruptcies

None of our directors or executive officers or shareholders holding a sufficient number of securities to materially affect control over us has, within the 10 years prior to the date of this Circular, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, been a director or executive officer of any company, that, while that person was acting in that capacity, or 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 comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

None of our directors or executive officers or shareholders holding a sufficient number of securities to materially affect control over us has: (i) been 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 (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

EXECUTIVE COMPENSATION

Introduction

The following section describes the significant elements of our executive compensation program, with particular emphasis on the process for determining compensation payable to our President and Chief Executive Officer, our Chief Financial Officer and our other officers and employees that we have determined are "executive officers" within the meaning of National Instrument 51-102 — *Continuous Disclosure Obligations*. These individuals are referred to below as "Named Executives Officers" or "NEOs" and are:

- Peter Mabson, President and Chief Executive Officer ("**CEO**");
- Sean Maybee, Chief Financial Officer ("**CFO**");
- Graham Stickler, Vice President — Products and Services;
- Philip Miller, Vice President — Operations and Engineering; and
- David Martin, Vice President — Global Sales and Marketing.

Role of the Human Resources and Compensation Committee

At or prior to the Effective Time, our Board will constitute the Human Resources and Compensation Committee in anticipation of us becoming a public company. The Human Resources and Compensation Committee will consist of three independent directors, Pui-Ling Chan (Chair), Miguel Angel Garcia Primo and Maria Izurieta.

Following the constitution of the Human Resources and Compensation Committee, the Human Resources and Compensation Committee will assist the Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning, and compensation policies, processes, and practices. The Human Resources and Compensation Committee's duties and responsibilities will entail setting objectives, evaluating performance, and ensuring that total compensation paid to our executive officers, personnel who report directly to the CEO and various other key managers is fair, reasonable and consistent with the objectives of our compensation program.

The Human Resources and Compensation Committee will meet at least once each quarter and will report on its activities to the Board. The activities the Human Resources and Compensation Committee undertakes will be derived from its mandate contained in the Human Resources and Compensation Committee Charter. At each regularly scheduled quarterly meeting, it is expected that the Human Resources and Compensation Committee will hold an in-camera session without management present.

The specific work of the Human Resources and Compensation Committee will include:

- setting performance objectives for the CEO, evaluating performance against these objectives, and recommending the CEO's compensation to the Board for approval;
- approving the corporate goals and annual objectives relevant to the compensation of all NEOs, and reviewing their compensation to ensure that it supports our business strategy, and aligns with its compensation philosophy;
- establishing a compensation peer group for purposes of assessing executive compensation;
- assessing our executive compensation structure, and how the compensation structure supports our strategic plan, governance and sound compensation risk management practices, as well as alignment to shareholder interests;
- establishing compensation plans and policies including the Annual Incentive Plan, long-term incentive policy, Stock Option Plan, Deferred Share Unit Plan, Share Unit Plan and Employee Share Purchase Plan;
- approving the executive compensation disclosure in future management information circulars;
- reviewing and recommending long-term incentive grants to NEOs and other employees under the Share Unit Plan and Stock Option Plan to the Board for approval; and
- reviewing our organization structure, succession plan, and talent pool, as well as the CEO's position description.

Based on these assessments, reviews and recommendations by the Human Resources and Compensation Committee, our full Board will make decisions regarding compensation of the CEO and other NEOs, including salaries, bonuses and long-term incentives, and will approve goals and objectives relevant to the compensation of our CEO and the other NEOs. The Board and Human Resources and Compensation Committee will also solicit input from our CEO regarding the performance of our other NEOs.

In anticipation of becoming a public company, our Board, upon recommendation from the Human Resources and Compensation Committee, will adopt certain changes to our existing executive compensation regime including severance, termination and change of control pay practices and will approve employment agreements for our NEOs. All such changes are subject to and conditional upon the completion of the Spinout Transaction.

Compensation Consultant

We retained Mercer (Canada) Limited ("**Mercer**"), an independent consulting firm, to assist in the development of the compensation structure for the CEO, other NEOs and directors. Pursuant to such engagement, Mercer has provided market data and analytical support including:

- assisting with the development of the post-spinout compensation structure and short- and long-term incentive plan design, in accordance with our compensation philosophy;
- proposing an industry-related peer group for evaluating the competitiveness of our compensation levels and practices;
- evaluating the market competitiveness of compensation for our NEOs; and
- assisting with the development of the director compensation program.

Mercer delivered its report on April 29, 2015 with subsequent updates delivered on May 13, 2015. The analysis and recommendations provided by Mercer were used to develop the compensation for the CEO and the other NEOs that is proposed to become effective on the completion of the Spinout Transaction.

For its services in providing market data and analytical support with respect to our NEO and director compensation program, Mercer fees to date (as of October 31, 2015) regarding services provided are approximately $154,530. We are satisfied that all advice provided as part of the assistance rendered by Mercer is objective and impartial.

Identification and Mitigation of the Risks Associated with the Compensation Program

The Human Resources and Compensation Committee's responsibility in the risk oversight of our policies and practices will be derived from its mandate as specified in the Human Resources and Compensation Committee Charter. The Committee recognizes the risk implications of our compensation structure, and will consider the risks associated with the recommendations it makes to the Board regarding our overall compensation and benefits strategy and structure for its employees. In addition, when the Committee makes recommendations to the Board regarding the compensation and benefit programs applicable to the CEO, the NEOs or any executive officer, it will take into account any risks associated with such recommendations.

Identification of Compensation Risk

We will employ the following procedures to identify and mitigate compensation policies and practices that could encourage an NEO or an individual to take inappropriate or excessive risks:

- annual assessment of our compensation policies and practices including a review and analysis of those aspects of such policies and practices that may lead to risky behavior on the part of an NEO or any other relevant individual;
- dialogue and communication with third-party experts (as necessary) regarding an analysis of the risks associated with our compensation policies and practices and a review of the risk identification and mitigation practices employed by similar public corporations; and
- the scheduling of regular, in-camera, sessions of the Human Resources and Compensation Committee which will allow the members of the committee to discuss and analyze the risks associated with our compensation policies and practices free from the unstated influence and pressure that may be created by the presence of our management.

Mitigation of Compensation Risk

We will structure our NEO compensation program to employ the following procedures designed to effectively mitigate any excessive risks which may result from the implementation of our executive compensation policy and practices.

Risks Inherent with Incentive Awards	•	The Human Resources and Compensation Committee, in conjunction with those people whom the Committee looks for guidance and counsel, will consider the risks associated with the targets and objectives chosen to measure performance for our annual incentive and long-term incentive plans.
	•	The Human Resources and Compensation Committee will ensure that objectives do not expose us to inappropriate or excessive risks.
Pay Mix	•	The variable component of our compensation program (which will include annual and long-term incentives) will represent a sufficient percentage of "at risk" compensation to motivate executives and our other employees to focus on both short and long-term results and performance criteria.
	•	Elements of compensation, together, ensure a balance in the mix of fixed and variable compensation, short-term and long-term incentives, cash versus equity, and performance-based versus time-based awards.
Corporate Profitability Threshold	•	All annual incentive plan payouts are subject to the achievement of a minimum Adjusted EBITDA threshold that must be achieved in order for the annual incentive plan to payout. This feature encourages decision making that is in our best long-term interests and the interests of our shareholders as a whole.
Capped Payouts	•	The maximum amount that an employee can receive under the Annual Incentive Plan is capped at 2.0 times the target payout, and the maximum number of performance share units ("**PSUs**") an executive can receive at payout is 2x the target number of PSUs granted.
Effective Design of Long-Term Incentive Mix	•	Unless otherwise specified elsewhere in this Appendix "E", restricted share units ("**RSUs**") cliff-vest at the end of a three-year period based solely upon length of service and PSUs cliff-vest at the end of a three-year period based on the achievement of Adjusted EBITDA growth targets.
	•	Unless otherwise specified elsewhere in this Appendix "E", stock options vest over a three-year period — 40% vests after the first anniversary, 30% after the second anniversary, and 30% after the 3rd anniversary from the date of grant. Stock options are only valuable if the stock price appreciates from the option grant price.
	•	A balance of time-vesting and performance-vesting long-term incentives and varied performance measures mitigate against taking short-term risks and aligns management with longer-term shareholder interests. In addition, PSUs are subject to a minimum Adjusted EBITDA threshold (set at the time of grant) that must be achieved in order for the PSUs to pay out.
Significant portion of pay "at risk" and pay subject to performance	•	A significant portion of NEO and executive compensation will be "at-risk" through the annual and long-term incentive plans, which will provide for a strong pay-for-performance relationship.
Policy against Hedging	•	No NEO will be permitted to purchase financial instruments (such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities either granted as compensation (as a result of any awards under the Share Unit Plan or any previous compensation arrangements) or held directly or indirectly by the NEO.
	•	The policy will prohibit NEOs from hedging their equity-based compensation to ensure the intended alignment between NEO and shareholder interests.
	•	In addition, executives who are also "insiders" are prohibited to exercise their stock options during blackout periods.
Executive Incentive Compensation Recoupment Policy	•	The Board will implement a policy to permit the recoupment of compensation paid to the CEO and the CFO in the case of misconduct by those officers in certain circumstances.

By implementing practices to identify and mitigate the possible risks associated with its compensation policy and structure, the Human Resources and Compensation Committee will be able to identify any unmitigated risks associated with the compensation policies and programs that are reasonably likely to have a material adverse effect on us.

Power of Board or Human Resources and Compensation Committee to Exercise Discretion

In limited circumstances, the Board or the Human Resources and Compensation Committee will have the authority to exercise discretion to reduce or increase the size of any compensation award or payout due to an NEO. For example, the Board will have the authority to apply its discretion in the granting of option awards, such that the number of options granted may differ from the number of options generated as a result of applying the Black-Scholes Formula.

- In addition, pursuant to the provisions of the Share Unit Plan, the Human Resources and Compensation Committee will have sole discretion with respect to any and all designations, determinations, interpretations, and other decisions under or with respect to any award under the Share Unit Plan or with respect to the vesting or settlement of any award under the Share Unit Plan in the event of any resignation, termination, change in control, death, disability or retirement which may affect the NEO. This discretion includes the ability to vest and settle an award of RSUs or PSUs absent the attainment of the relevant time of service or performance goal.

- Finally, pursuant to the provisions of the Annual Incentive Plan, the Human Resources and Compensation Committee will have sole discretion regarding any and all designations, determinations, interpretations, and other decisions with respect to any award under the Annual Incentive Plan which may affect the NEO, including without limitation in the event of any resignation, termination, change in control, death, disability or retirement.

Compensation Discussion and Analysis

Approach to Compensation

Our compensation strategy is to attract and retain highly qualified and committed executive officers who have a history of proven success. Our executive compensation framework is designed to:

- **Align to shareholder interests** — align the interests of executive officers with the long-term interests of our shareholders through effective policy and program design
- **Align with our strategic plan** — align compensation with the achievement of our key strategic goals and execution of our business strategy over the short-term and long-term
- **Pay for performance** — evaluate and reward executive performance on the basis of key financial and non-financial performance measures which we believe closely correlate to long-term shareholder value creation
- **Effective risk management** — identify and mitigate any potential adverse consequences arising from compensation policies and practices that could encourage an NEO or an individual to take inappropriate or excessive risks

Our compensation philosophy is to provide total direct compensation opportunities that are competitive relative to the companies in our compensation comparator group based on company and individual performance, and offer an appropriate mix of fixed and variable compensation.

Benchmarking

The comparator group consists of 14 publicly-traded North American data analytics, asset tracking and machine-to-machine companies categorized in communication equipment, technology, software and services, and alternative carrier industries; generally of comparable revenue and market capitalization. The companies in the comparator group are expected to reflect our future financial outlook as a publicly-listed organization and have a level of complexity of operations and technologies comparable to us.

Comparator Group	Revenue[(1)]	Market Capitalization[(1)]
DigitalGlobe Inc.	$856	$2,598
Iridium Communications Inc.	$534	$1,127
NCI Inc.	$414	$226
Comtech Telecommunications Corp.	$402	$608
CalAmp Corp.	$328	$794
FleetMatics Group Inc.	$303	$2,353
Digi International Inc.	$278	$385
KVH Industries Inc.	$226	$275
Descartes Systems Group Inc.	$217	$1,666
LoJack Corp.	$175	$87
ORBCOMM Inc.	$126	$622
Numerex Corp.	$123	$213
UrtheCast Corp.	$4	$305
Loral Space & Communications Inc.	$0	$2,552

(1) Most recently reported revenue and market capitalization as of October 31, 2015.

Elements of Compensation

The table below describes the basic components of compensation for our NEOs.

Component	Objectives	
Base Salary	•	Attract and retain talent, as well as provide a predictable and steady income
	•	Annual base salaries are based on market competitiveness, individual performance and internal equity
Pension, Benefits and Perquisites	•	Provide market-competitive benefits to attract and retain talent. Includes group life, health and dental insurance programs that are available to all employees and limited perquisites for certain NEOs
	•	NEOs participate in our defined contribution plan that is available to all employees
Annual Incentives	•	All NEOs participate in the corporate Annual Incentive Plan ("**AIP**") which was designed to motivate and reward achievement of annual corporate, divisional and personal performance objectives with a focus on corporate net income since it is a primary driver of shareholder value creation
	•	For our VP Global Sales and Marketing, the AIP is structured around the achievement of revenue from new Order Bookings with additional rewards for achievements above the planned levels
	•	Incentive targets are based on market competitiveness
Share Unit Plan	•	Motivate and align NEOs and other executive officers and senior personnel with long-term strategy and shareholders' interests through grants of PSUs based on meeting 3 years Adjusted EBITDA growth objectives
Stock Options	•	Motivate and align executives with shareholders' interests. Value of Options granted annually based on market competitiveness
	•	Unless otherwise specified elsewhere in this Appendix "E", options vest over a three-year period — 40% vesting after the first anniversary, 30% after the second anniversary, and 30% after the 3rd anniversary from the date of grant. Value on exercise is based on the difference between the Common Share price and the grant price

Fixed Compensation

Base Salary

Base salary is provided as a fixed source of compensation for the CEO and other NEOs. Base salary for the CEO will be recommended annually by the Human Resources and Compensation Committee, working closely with the Chair of the Board, and approved by the Board. For the other NEOs, base salaries will be reviewed by the Human Resources and Compensation Committee based upon input and recommendations provided by the CEO. The base salary review for each

NEO will take into consideration factors such as current competitive market conditions, duties and responsibilities of the position and the performance and particular skills (such as leadership ability, management effectiveness, experience, responsibility and proven or expected performance) of the particular individual.

Base salaries may be increased for merit reasons, based on the executive's success in meeting or exceeding individual objectives. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive's role or responsibilities, as well as for market competitiveness.

Pension

We will not provide a defined benefit plan for our NEOs. The NEOs will participate in a defined contribution plan that is available to all employees.

Benefits

Each NEO will participate in the standard benefits program available to all employees including group life, disability, health, dental, and retirement savings plan.

Perquisites

Peter Mabson will be eligible for a monthly car payment up to $1,000, plus all associated expenses. Sean Maybee will be eligible for a monthly car payment up to $500.

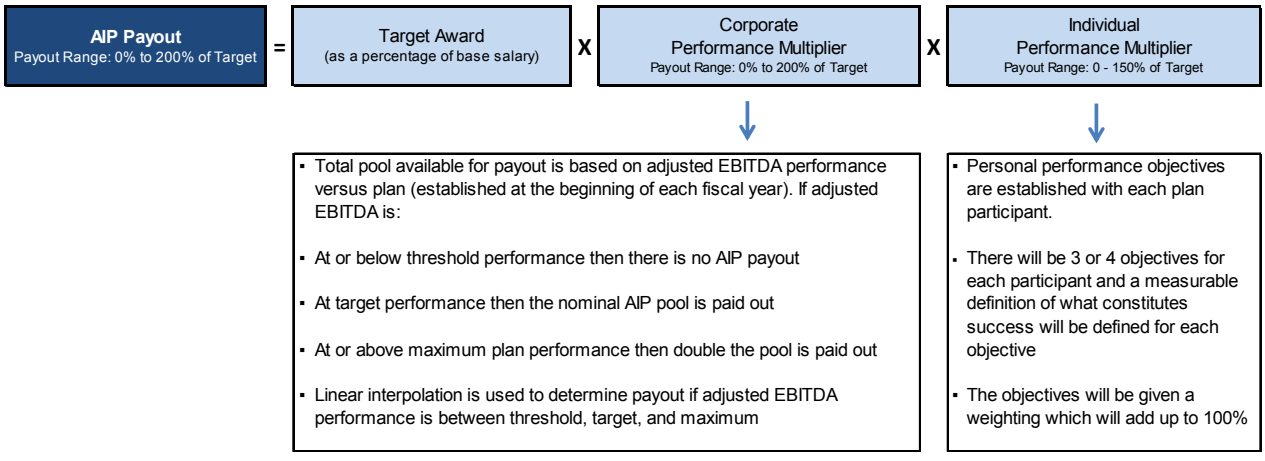
Variable Compensation

Annual Incentive Plan

Our Annual Incentive Plan will be designed to motivate the executives to achieve our short-term corporate goals. Under the plan, annual incentives for NEOs will be awarded based on the achievement of annual corporate objectives and personal performance objectives.

- Incentives have a high degree of focus on corporate Adjusted EBITDA as we believe this is a primary driver of shareholder value creation
- AIP targets are reviewed periodically to ensure market competitiveness with peer companies
- Target incentives vary by position, and maximum incentives for superior performance are 200% of target incentives
- The minimum incentive is zero for performance below thresholds

The following charts summarize NEO target and maximum incentives as a percentage of base salary and the formula used to determine annual incentive awards:



Source: Mercer

NEO	Target Award (percentage of salary)	Maximum Award (percentage of salary)
Peter Mabson, *President and Chief Executive Officer*	40%	80%
Sean Maybee, *Chief Financial Officer*	30%	60%
Graham Stickler, *Vice President — Products and Services*	30%	60%
Philip Miller, *Vice President — Operations and Engineering*	30%	60%
David Martin, *Vice President — Global Sales and Marketing*	50%[1][2]	100%[3]

(1) In addition to receiving an annual AIP bonus, the VP Global Sales & Marketing is eligible for a sales bonus that rewards for the achievement of revenue growth above plan. Fiscal year 2015 annual incentives for Mr. Martin consists of:
  (i) AIP component — target of 10% of base salary;
  (ii) Sales bonus component — target of 40% of base salary. The sales bonus is earned as a commission on booked revenue for the achievement of new revenues booked versus planned new revenue. At $2.5 million below planned new revenue, the sales bonus amount is zero. At plan the sales bonus is paid at target. For revenue levels above plan, the sales bonus will grow at an accelerated rate with no cap — the rate is chosen such that at a level of $4.0 million above the total revenue plan for the year, the bonus payout is 200%;
  (iii) Mr. Martin is eligible to receive a "Stretch Bonus" for the overachievement of order bookings versus plan for which an extra 5% of bonus can be earned; and
  (iv) Mr. Martin is eligible to receive a "Super Bonus" with no caps on the overachievements of the 2015 revenue plan. The Super Bonus will be calculated as 5% of the revenue overage that is achieved based on the final results of the year.

(2) Based on target AIP award of 10% of base salary, and target sales bonus component of 40% of base salary.

(3) Does not include the Stretch Bonus and Super Bonus overachievement awards.

Long-Term Incentives

The Board will grant long-term incentives to the CEO, other NEOs, and executives consistent with the provisions of the Stock Option Plan and Share Unit Plan. Long-term incentives comprise RSUs, PSUs, and stock options. Together, these long-term incentive vehicles are designed to align executive long-term interests with those of shareholders.

The Human Resources and Compensation Committee will review long-term incentive targets periodically to ensure market competitiveness with peer companies. The elements of the long-term incentive plan will meet our objectives of attracting, retaining and motivating key executives, as follows:

- Time-vesting RSUs are used to attract and retain executives and key employees.
- Performance-vesting PSUs are used to encourage executives to achieve specific corporate objectives.
- Grants of Options are used in a targeted way to focus senior executives on activities aimed at maximizing long-term shareholder value.

The charts below summarize the key design features of the long-term incentive plan, target incentive award for each NEO, as well as the long-term incentive mix:

	Share Unit Plan		Stock Option Plan
	Restricted Share Units (RSUs)	**Performance Share Units (PSUs)**	**Stock Options**
Objective	Used to attract and retain executives and key employees	Used to encourage executives to achieve specific corporate objectives	Used in a targeted way to focus the CEO and other senior executives on activities aimed at maximizing long-term shareholder value
LTI Mix	CEO: 0% CFO: 0% Other NEOs: 0%	CEO: 0% CFO: 0% Other NEOs: 30%	CEO: 100% CFO: 100% Other NEOs: 70%
Performance Period	3 years	3 years	Up to option expiry (typically six years)
Vesting	Vesting will occur on the third anniversary of the date of grant.		Options vest over a 3 year period — 40% vesting after the first anniversary, 30% after the second anniversary, and 30% after the third anniversary from the date of grant
Performance Metric	RSU vesting is based solely on an executive's continued employment with us throughout the performance period (i.e. performance measures are not applicable)	At vesting a performance multiplier of 0x to 2.0x is applied to the original PSU award based on the achievement of 3 year Adjusted EBITDA growth objectives	N/A

	Share Unit Plan		Stock Option Plan
	Restricted Share Units (RSUs)	Performance Share Units (PSUs)	Stock Options
Performance Threshold	N/A	No payout if the minimum Adjusted EBITDA threshold (set at the time of grant) is not achieved	N/A
Settlement	Awards may be settled in cash, shares, or a combination thereof based on the share price at the time of vesting	Awards may be settled in cash, shares, or a combination thereof based on the number of shares vesting and the share price at the time of vesting	Options are exercised for Common Shares

NEO	Target Award (percentage of salary)	Long Term Incentive Mix		
		RSUs	PSUs	Options
Peter Mabson	70%	0%	0%	100%
Sean Maybee	45%	0%	0%	100%
Graham Stickler	40%	0%	30%	70%
David Martin	40%	0%	30%	70%
Philip Miller	40%	0%	30%	70%

For fiscal 2016, our first year as a public company, the CEO, other NEOs, and members of the senior management team will receive 3 years' worth of stock option grants at the Effective Time. These stock options have an 8 year term to expiry and will vest 40% after the third anniversary, 30% after the fourth anniversary, and 30% after the fifth anniversary from the date of grant. As a result of this special 3 year stock option award it is not anticipated that these executives would receive another normal annual stock option award under the plan until fiscal 2019 unless otherwise recommended by the Board.

Other Compensation Matters

*Conversion of our outstanding Unit Appreciation Rights ("**UARs**")*

Under our legacy compensation program, executives received annual UAR long- term incentive grants. There are currently two UAR grants outstanding that will be cancelled, and the UAR value will be converted to our new long-term incentive program as follows:

- The CEO and CFO will have their UAR value converted to 100% RSUs; 25% of which will vest in the first 12 months after the Effective Time, with the remainder vesting over the next 24 months; and
- Other executives will have their UAR value converted to 50% RSUs and 50% stock options, 25% of which will vest in the first 12 months after the Effective Time, with the remainder vesting over the next 24 months.

The conversion of UARs to RSUs will be completed on a dollar for dollar value basis, while the conversion of UARs to stock options will be calculated using the Black-Scholes method.

Summary Compensation of Named Executive Officers

The following table summarizes the compensation we expect to pay our Named Executive Officers for the financial year ending October 31, 2016:

Name and principal position	Salary ($)[1]	Share-based awards ($)[2][6]	Option-based awards ($)[3]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)[5]	Total Compensation ($)
				Annual incentive plans[4]	Long-term incentive plans			
Peter Mabson, *President and Chief Executive Officer*	295,000	450,000	206,500	118,000	—	—	—	1,069,500
Sean Maybee, *Chief Financial Officer*	242,000	150,000	108,900	72,600	—	—	—	573,500
Graham Stickler, *VP Products and Services*	217,000	176,040	60,760	65,100	—	—	—	518,900
David Martin, *VP Global Sales and Marketing*	217,000	176,040	60,760	108,500	—	—	—	562,300
Philip Miller, *VP Operations and Engineering*	217,000	176,040	60,760	65,100	—	—	—	518,900

(1) Amounts represent the annualized base salary expected to be paid for the year ending October 31, 2016.

(2) Represents target fair value of PSU awards under the Share Unit Plan. See "Executive Compensation — Compensation Discussion and Analysis — Long-Term Incentives", other than amounts referred to in footnote 6.

(3) Represents target fair value of stock option awards under the Stock Option Plan. For fiscal 2016, the NEO will receive 3 years' worth of stock option grants at the Effective Time, of which only one year's worth of stock option grants are set forth in the table above. The NEO will not be eligible to receive another stock option grant until fiscal 2019. See "Executive Compensation — Compensation Discussion and Analysis — Long-Term Incentives".

(4) Represents target annual incentive plan compensation for the NEOs. Actual payments will depend upon the achievement of performance goals and will be paid in cash in the year following the fiscal year in respect of which they are earned.

(5) None of the NEOs are entitled to perquisites or other personal benefits which, in the aggregate are worth over $50,000 or over 10% of their base salary.

(6) To promote alignment of executive interests with shareholder interests, one-time awards will be provided to certain executives. Among the NEO's these are as follows: Mr. Mabson will be awarded upon the Effective Time $450,000 worth of RSUs, which will vest 33.3% after 36 months, 33.3% after 48 months, and 33.3% after 60 months following the Effective Time. Mr. Maybee, Mr. Stickler, Mr. Martin and Mr. Miller will be awarded upon the Effective Time $150,000 worth of RSUs, which will vest 50% after 24 months and 50% after 36 months following the Effective Time.

Outstanding Option-Based and Share-Based Awards

The following table sets out for each of our NEOs information concerning all option-based and share-based awards expected to be outstanding following the Effective Time. Option grants and share based awards will be approved prior to the Effective Time, however options will not be issued until the sixth trading day following the Effective Date at which time the exercise price of options will be determined. The exercise price per option issued in connection with closing of the Spinout Transaction will be the greater of (i) $6.50 per share and (ii) the volume weighted average price of a Common Share on the TSX for first five trading days following the Effective Date.

	Option-based Awards				Share-based Award		
Name	Number of securities underlying unexercised options(#) [1]	Option exercise price[2] ($)	Option expiration date	Value of unexercised in-the-money options ($) [3]	Number of shares or units of shares that have not vested (#) [4]	Market or payout value of share-based awards that have not vested ($) [5]	Market or payout value of vested share-based awards not paid out or distributed ($)
Peter Mabson	271,711	$6.50	8 years after the Effective Date	0	129,957	$844,721	-
Sean Maybee	143,290	$6.50		0	53,440	347,360	-
Graham Stickler	119,794	$6.50		0	41,061	$266,897	-
David Martin	123,381	$6.50		0	42,273	$274,775	-
Philip Miller	123,161	$6.50		0	42,262	$274,703	-

(1) For fiscal 2016, the NEO will receive 3 years' worth of stock option grants at the Effective Time. The NEO will not be eligible to receive another stock option grant until fiscal 2019. Unexercised options for the NEO include 3 years' worth of stock option grants and UAR converted option grants at the Effective Time.
- Mr. Mabson and Mr. Maybee represent the 3 years' worth of stock option grants of 271,711 and 143,290 options respectively
- Mr. Stickler, Mr. Martin and Mr. Miller include the 3 years' worth of stock option grants of 79,948, 80,100 and 79,880 options respectively; and UAR converted options grants of 39,846, 43,281 and 43,281 respectively

(2) The option exercise price will be the higher of (i) $6.50 and (ii) the volume weighed average trading price of a share on the TSX for the first 5 days that the company is publicly traded For purposes of this Appendix "E", it is assumed that the exercise price per option issued in connection with the Spinout Transaction will be $6.50 per option, however such price may be higher if the volume weighted average trading price of a Common Share on the TSX for the first five trading days following the Effective Date is greater than $6.50.

(3) The value of unexercised in-the-money options is calculated based on a price of $6.50 per Common Share.

(4) Unvested share units for Mr. Mabson and Mr. Maybee include the 69,231 and 23,077 one-time RSUs grants respectively; and UAR converted RSU grants of 60,726 and 30,363 respectively. Unvested share units for Mr. Stickler, Mr. Martin and Mr. Miller include 23,077 one-time RSUs grants (each); and UAR converted RSU grants of 13,977, 15,182 and 15,182 respectively; and annual PSU grants of 4,007, 4,014 and 4,003 respectively.

(5) The market or payout value of share-based awards that have not vested is calculated based on a price of $6.50 per Common Share.

Long-Term Incentive Plans

We believe that equity-based awards allow us to reward senior executive officers for their sustained contributions to us and align their interests with those of our long-term shareholders. We also believe that equity awards incentivize employee continuity and retention.

We will adopt the Stock Option Plan and the Share Unit Plan to provide long-term equity incentives. Our Board of Directors believes that options to purchase Common Shares, and grants under the Share Unit Plan, provide management with a strong link to our long-term performance and the creation of shareholder value. The Human Resources and Compensation

Committee will determine the grant size and terms of awards for our NEOs to be recommended to our Board of Directors, taking into account, among other things, previous grants of options and other equity incentives. Together, the Share Unit Plan and the Stock Option Plan are designed to align the NEOs long-term interests with those of our shareholders.

The aggregate number of Common Shares issued to insiders of the Company within any 12-month period, or issuable to insiders of the Company at any time, under the Stock Option Plan and any other security-based compensation arrangement of the Company, may not exceed 10% of the total number of issued and outstanding Common Shares of the Company at such time. When used in this paragraph, the terms "insiders" and "security-based compensation arrangement" have the meanings ascribed thereto in the TSX rules for this purpose. Securities issued pursuant to security-based compensation arrangements prior to the Effective Time will not be counted toward these thresholds. Further details on the Stock Option Plan are provided below.

On the Effective Date, 1,432,934 Common Shares (representing 6.6% of the issued and outstanding Common Shares on a diluted basis) will be subject to option grants approved under the Stock Option Plan and 730,847 Common Shares (representing 3.4% of the issued and outstanding Common Shares on a diluted basis) Common Shares were unallocated and available for future grants of Options. For purposes of this Appendix "E", it is assumed that the exercise price per option issued in connection with the Spinout Transaction will be $6.50 per option, however such price may be higher if the volume weighted average trading price of a Common Share on the TSX for the first five trading days following the Effective Date is greater than $6.50.

Stock Option Plan

Our Board of Directors is responsible for administering the Stock Option Plan and the Human Resources and Compensation Committee makes recommendations to our Board of Directors in respect of matters relating to the Stock Option Plan. Eligible participants in the Stock Option Plan ("**Participants**") include our NEOs, executive officers, other officers and employees, as well as consultants to us. Unless otherwise determined by our Board of Directors (for example, with respect to the options issued to senior executives at the Effective Time), options granted in any year will vest over a three-year period — 40% vesting after the first anniversary, 30% after the second anniversary, and 30% after the third anniversary from the date of grant and have a term to expiry of 6 years. The maximum term of Options issued under the Stock Option Plan is 10 years.

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan as of the Effective Date will be 2,163,781.

Under the terms of the Stock Option Plan, no single participant can be granted Options which could result in the issuance of shares exceeding 5% of the issued and outstanding Common Shares within a one year period. The number of Common Shares issuable from treasury to NEOs and to all of our other insiders at any time under all of our share compensation arrangements is limited to 10% of the issued and outstanding Common Shares. In addition, the number of Common Shares issued to NEOs and to all of our other insiders, within any single one year period, under all of our share compensation arrangements is limited to 10% of the issued and outstanding Common Shares. Finally, the total number of Options that may be granted at any time to non-employee directors under the Stock Option Plan cannot exceed 0.5% of the issued and outstanding Common Shares, and the cumulative value of all Options granted to any individual non-employee director or to any non-employee associates of such non-employee director is limited to $100,000 within any one-year period.

The Human Resources and Compensation Committee will be responsible for recommending grants of Options to the Board by making a written proposal to the Board setting out the names of the proposed recipients, the number of Options allocated, the proposed date of vesting, the proposed date of expiry and other relevant terms and conditions regarding the Options. The Human Resources and Compensation Committee will submit its written proposal at regularly scheduled in-person meetings of the Board (such Board meetings, the "**Option Meetings**" and each an "**Option Meeting**") for the consideration, review, approval or disapproval of the Board as applicable. At each Option Meeting, the Board will establish the exercise price of the Options at a price which is not less than the volume weighted average trading price for the Common Shares on the TSX for the five preceding days on which the Common Shares were traded before either: (i) the day of the Board meeting if the Board was not in possession of any undisclosed material information during its meeting, or (ii) if the Board was in possession of any undisclosed material information during its meeting (for example if the Board was in possession of a report of our quarterly earnings and this report had not been released to the public), the first business day immediately following the first full day the TSX was open for trading after the time that we publicly releases such material information. The grant date for all Options granted under the Stock Option Plan is either the date of the Option Meeting in which the grant of the relevant Options were approved, or the first business day immediately following the first full day the

TSX was open for trading after the time that we publicly disclosed the material undisclosed information which was in the Board's possession at the time of the relevant Option Meeting.

We will institute a policy whereby members of our management are not allowed to be present during those portions of the Options Meetings when the Board votes upon the grant of Options or during those portions of the Human Resources and Compensation Committee's meetings when it votes upon its recommendation to the Board with respect to Options. However, members of our management may be present during those portions of the Options Meetings when the Board discusses the Human Resources and Compensation Committee's recommendation to grant Options and during those portions of the Human Resources and Compensation Committee's meetings when it discusses its Options grant recommendation to the Board.

Options granted in any year will vest over a three-year period — 40% vesting after the first anniversary, 30% after the second anniversary, and 30% after the third anniversary from the date of grant and have a term to expiry of 6 years. The maximum term of Options issued under the Stock Option Plan is 10 years. Subject to the terms of an employment agreement, options granted will expire 90 days after a person ceases to be eligible for participation in the Stock Option Plan by reason of termination for cause or resignation. Options will terminate 12 months after a person ceases to be an eligible participant by reason of retirement, death, long-term disability or termination other than for cause. Vested options will expire 12 months after a person ceases to be eligible for participation in the Stock Option Plan by any reason other than those described in the two previous sentences. Options granted under the Stock Option Plan are not assignable.

The Stock Option Plan will state that certain amendments to the Stock Option Plan may be made without obtaining approval from our shareholders including: (i) any amendments necessary to ensure that the Stock Option Plan is in compliance with the rules of the TSX and any of applicable Governmental Body (as such term is defined in the Stock Option Plan); (ii) amendments that are of an administrative or general housekeeping nature; (iii) amendments to the definition of "Eligible Persons" under the Stock Option Plan unless such changes would expand the class of Eligible Persons; (iv) amendments to the manner in which the Stock Option Plan is administered; (v) amendments to the maximum term of Options granted pursuant to the Stock Option Plan (other than to individuals who are deemed to be Insiders (as such term is defined in the Stock Option Plan) and provided the amendment does not extend the term beyond the original expiry); (vi) amendments to the vesting provisions or to the termination provisions described in the provisions of the Stock Option Plan; and (vii) amendments to the anti-dilution provisions set out in the provisions of the Stock Option Plan, provided that in no circumstance shall dilution under all of our incentive plans be more than 10% of our outstanding shares on a non-diluted basis.

The Stock Option Plan states that the following amendments to the Stock Option Plan may only be made if approval is obtained from our shareholders: (i) amendments to the maximum number of Common Shares that may be issued as a result of the grant of Options pursuant to the Stock Option Plan; (ii) amendments which have the effect of increasing the maximum number of securities or Options that may be granted to Insiders (as such term is defined in the Stock Option Plan), to any one Participant (as such term is defined in the Stock Option Plan), or to the Directors (as such term is defined in the Stock Option Plan); (iii) amendments to the manner in which the exercise price of Options is determined; (iv) amendments to the provisions with respect to the transferability of Options; (v) amendments which would expand the definition of Eligible Persons; and (vi) amendments to the amending provisions of the Stock Option Plan.

Share Unit Plan

Prior to the Effective Time, our Board of Directors will adopt the Share Unit Plan as part of our long-term incentive compensation arrangements available for our NEOs, other executive officers, key employees and non-employee directors. The Share Unit Plan will be administered by the Human Resources and Compensation Committee, and the Human Resources and Compensation Committee will make recommendations to the Board of Directors in relation to the Share Unit Plan and to awards of Share Units under the Share Unit Plan.

The Share Unit Plan contemplates the granting of two types of awards: RSUs and PSUs. Vesting for RSUs will be based upon an employee's continuous service to the Company. Vesting for PSUs will be based upon the fulfillment of certain pre-defined performance criteria within a defined period. Vesting for all of the RSUs and PSUs awarded to employees will occur on the third anniversary of the date of grant. The manner of settlement for RSUs and PSUs will be elected by the Human Resources and Compensation Committee in its sole discretion and will be either in cash or through open market purchases of shares. RSUs and PSUs cannot be settled by the issuance of Common Shares from treasury.

Holders of RSUs will be entitled to accelerated vesting on a prorated portion of unvested RSUs under certain events, including termination of service by reason of death, disability, retirement. Any accelerated vesting of PSUs on termination of service will be determined by the Human Resources and Compensation Committee on the award of the PSUs and may vary depending on the specific nature of the performance-based vesting condition and the proration of the unvested PSU. All Share Units terminate if a Participant's employment or service terminates by reason of termination for Cause (as defined in the Share Unit Plan) or for breach of fiduciary duty.

Subject to obtaining any requisite approval from the TSX or other regulatory authority, our Board may take any one or more actions relating to Share Units including, without limitation, accelerating vesting, substituting similar securities of any acquirer for Share Units, providing for the continuation or assumption of Share Units by any acquirer, and/or other action as the Board deems fair and reasonable in the circumstances where a Corporate Event (as defined below) occurs. A "Corporate Event" is: (i) a merger, amalgamation, consolidation, reorganization or arrangement of the Company with or into another corporation (other than a merger, amalgamation, consolidation, reorganization or arrangement of the Company with its Subsidiary); (ii) the acquisition of all or substantially all of the outstanding Common Shares pursuant to a take-over bid; (iii) the sale of all or substantially all of our assets; or (iv) any other acquisition of our business as determined by the Board.

Employee Share Purchase Plan

We will establish an Employee Share Purchase Plan (the "**ESPP**") to encourage our employees to invest in the Common Shares through voluntary purchases. The ESPP will be a fixed plan, such that the maximum number of Common Shares that may be issued shall not exceed 432,756 Common Shares (representing 2% of the issued and outstanding Common Shares on a diluted basis).

Eligible participants for the ESPP will include all of our full and part-time employees. Employees will be able to elect to contribute between 1% and 10% of their base earnings before bonus, commissions, or special compensation to the ESPP. We will issue one additional Common Share to the employees for every four shares purchased in the market. On or prior to the Effective Date, we will enter into an agreement with Computershare Trust Company of Canada, as administrator of the ESPP, to provide guidelines governing the purchase of Common Shares in the market.

Employment Agreements and Termination and Change of Control Benefits

We have entered into employment agreements with each of the NEOs. We believe that the terms of such employment agreements are in accordance with current market standards for agreements of a similar nature and provide for payment of severance to the NEO in the event of certain qualifying terminations of employment.

Peter Mabson, President and Chief Executive Officer

Our CEO will enter into an employment agreement (the "**Mabson Employment Agreement**") that contains several termination agreements which collectively will outline our obligations to Mr. Mabson in the event of a termination. The termination arrangements will provide for payment to Mr. Mabson of an amount equal to: (i) two times his annual base salary, plus (ii) two times his average annual bonus and benefits compensation (as determined by the average for the 3 years immediately preceding the date of termination). We will be obligated to make the payment described in the previous sentence regardless of whether Mr. Mabson secures other employment or commences self-employment. Mr. Mabson is under no obligation to attempt to secure new employment. In addition, for purposes of Mr. Mabson's participation in the Annual Incentive Plan, Stock Option Plan and Share Unit Plan and our benefit plans, any termination date will be extended by that same 24 months. In addition, the RSUs granted to Mr. Mabson at the Effective Time will survive termination and will vest on the timeline established at the time of award. Any termination for "Cause" (as defined in the Mabson Employment Agreement) voids our payment obligations noted above. Mr. Mabson may terminate his employment by providing 3 months' notice to us, in which event there are also no payment obligations.

The Mabson Employment Agreement will also include language which describes our obligations to Mr. Mabson in the event of a change in control. The Mabson Employment Agreement defines a change in control as any occurrence of the following events (any such event a "**Employment Change in Control**"): (i) the acquisition, directly or indirectly and by any means whatsoever, by any person, or by a group of persons acting jointly or in concert, of outstanding shares of the Company sufficient to constitute the purchaser(s) as a shareholder(s) of the Company being entitled to exercise more than 50% of the voting rights attached to the outstanding Common Shares (provided that prior to the offer, the purchaser(s) did not own sufficient shares to control the Company, and did not in fact control the Company, as the term "control" is defined in the *Securities Act* (Ontario)), or (ii) a sale, transfer of interest, consolidation, merger, amalgamation or other business

combination of the Company with or into any other corporation whereby the holders of Common Shares immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the voting shares of the consolidated, merged or amalgamated corporation, including a sale whereby all or substantially all of the Company's undertaking and assets become the property of any other corporation. The Mabson Employment Agreement states that in the event of a termination that results from an Employment Change in Control, we are obligated to provide for payment to Mr. Mabson of a lump sum amount equivalent to 2 times his base salary. In addition, Mr. Mabson is entitled to the greater of either: (a) an amount equal to 2 times the highest amount of the actual annual cash bonus awarded to Mr. Mabson by us in the 3 fiscal years immediately preceding the year in which the Employment Change in Control occurred and; (b) an amount equal to the bonus he would have been awarded under the Annual Incentive Plan or its equivalent in effect immediately prior to the Employment Change in Control for the fiscal year in which the Employment Change in Control occurred. Customary benefits to which Mr. Mabson was entitled prior to the Employment Change in Control are continued until the earlier of the following: (i) 24 months from the date of the Employment Change in Control, (ii) Mr. Mabson finds alternate employment, or (iii) Mr. Mabson retires.

The Mabson Employment Contract has non-competition clauses which would prevent Mr. Mabson from working for a competitor for up to two years following termination.

Sean Maybee, Chief Financial Officer

Our CFO will enter into an employment agreement (the "**Maybee Employment Agreement**") that contains several termination provisions which collectively outline our obligations to Mr. Maybee in the event of a termination. The termination arrangements provide for payment to Mr. Maybee in the event of his termination during the first 12 months of his employment agreement, of an amount equal to his base salary plus benefits for a period of 18 months, with one additional month added to a maximum of 24 months for each additional year of service. For purposes of Mr. Maybee's participation in the Annual Incentive Plan, Stock Option Plan and Share Unit Plan and our benefit plans, any termination date will be extended by 18 months. In addition, the RSUs granted to Mr. Maybee at the Effective Time will survive termination and will vest on the timeline established at the time of award. Any termination for "Cause" (as defined in the Maybee Employment Agreement) voids our payment obligations noted above. Mr. Maybee may terminate his employment by providing 3 months' notice to us.

The Maybee Employment Agreement will also include language which describes our obligations to Mr. Maybee in the event of an Employment Change in Control. The Maybee Employment Agreement states that in the event of a termination that results from an Employment Change in Control, we are obligated to provide for payment to Mr. Maybee of a lump sum amount equivalent to 1.5 times his base salary. In addition, Mr. Maybee is entitled to the greater of either: (a) an amount equal to 1.5 times the highest amount of the actual annual cash bonus awarded to Mr. Maybee by us in the 3 fiscal years immediately preceding the year in which the Employment Change in Control occurred or; (b) an amount equal to the bonus he would have been awarded under the MIC Plan or its equivalent in effect immediately prior to the Employment Change in Control for the fiscal year in which the Employment Change in Control occurred. Customary benefits to which Mr. Maybee was entitled prior to the change of control are continued until the earlier of the following: (i) 18 months from the date of the Employment Change in Control, (ii) Mr. Maybee finds alternate employment, or (iii) Mr. Maybee retires.

The Maybee Employment Contract has non-competition clauses which would prevent Mr. Maybee from working for a competitor for up to two years following termination.

Director Compensation

Our directors' compensation program is designed to attract and retain qualified individuals to serve on our Board of Directors. The chart below outlines exactEarth's director compensation program for its non-executive directors. Directors who are also officers (i.e. Peter Mabson) receive no remuneration as directors.

Proposed Director Compensation Plan		
Board Retainer	Non-Executive Chair	$60,000
	Board Member	$40,000
Committee Retainer Meeting Fees	Audit Committee Chair	$10,000
	Human Resources and Compensation Committee Chair	$7,500
	Governance Committee Chair	$7,500
Meeting Fees	Board/Committee Meeting	No meeting fees

Directors will be required to receive 50% of their annual retainer in DSUs as described under the section "DSU Plan" below. Directors can elect to increase the percentage of their compensation received in DSUs above this threshold. This process helps to align the directors' interests with our long term interests by including equity based compensation, and introducing a "pay for performance" element to the compensation package.

All directors are entitled to reimbursement for expenses incurred by them in their capacity as directors. No director is permitted to purchase financial instruments (such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities either granted as compensation (as a result of any awards under the DSU Plan) or held directly or indirectly by the director.

DSU Plan

In connection with the Spinout Transaction, we will adopt a deferred share unit plan (the "**DSU Plan**"). The principal purpose of the DSU Plan is to promote a greater alignment of the interests of non-employee directors with the interests of our shareholders by linking their annual director compensation to the future value of the Common Shares.

Pursuant to the DSU Plan, independent directors are entitled to elect to participate in the DSU Plan. Directors must elect to receive at least 50% of their annual retainer in DSUs. A deferred share unit ("**DSU**") is a unit, equivalent in value to a Common Share, credited by means of a quarterly bookkeeping entry in our books, to an account in the name of the director. The number of DSUs granted to a director is determined by dividing (i) the amount the director has elected to receive as DSUs each quarter by (ii) the volume weighted average of the prices at which Common Shares traded on the TSX on the five trading days immediately preceding the date of grant.

Upon retirement from the Board, a participant has the right to elect to receive cash or payment in the form of Common Shares purchased in the open market in respect of the total number of DSUs accumulated in such participant's account to the end of the director's tenure as a member of the Board. Such payment can be made as soon as the director retires from the board or at such later date as the participant may elect prior to the end of such tenure, provided such later date is not later than December 1 of the calendar year following the calendar year in which the tenure ended. Directors who are U.S. taxpayers are subject to shortened election provisions.

In the event the participant elects to receive a cash payment for the DSUs, the participant will receive a cash payment equal to the number of DSUs recorded in the participant's account on the distribution date multiplied by the volume weighted average trading price of the Common Shares on the TSX on the five trading days immediately preceding the distribution date.

In the event the participant elects to receive Common Shares on the distribution date, we will purchase in the market the number of Common Shares equal to the number of DSUs in the participant's account. DSUs cannot be settled by the issuance of Common Shares from treasury.

In the event a participant dies prior to the distribution of the DSUs credited to the account of such participant, a cash payment shall be made to the estate on or about 30 days after we are notified of the death or on a later date elected by the estate provided that such elected date is no later than the last business day of the calendar year following the calendar year in which the participant dies.

Indemnification and Insurance

Directors and officers participate in our director and officer insurance program. The policy limit for such insurance coverage is $40 million in the aggregate in each policy year with no deductible for individual directors or officers and a deductible of $100,000 for the Company per occurrence (except with respect to securities claims in which the deductible for the Company is equal to $100,000). The annual premium is approximately $140,650.

In addition, we have entered into indemnification agreements with our directors and officers. The indemnification agreements generally require that we indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to us as directors and officers, if the indemnitees acted honestly and in good faith and in a manner the indemnitee reasonably believed to be in our best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had reasonable grounds to

believe that his or her conduct was lawful. The indemnification agreements will also provide for the advancement of defence expenses to the indemnitees by us.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

None of our directors, executive officers, employees, former directors, former executive officers or former employees, and none of their associates, is indebted to us or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement or understanding provided by us, except for routine indebtedness as defined under applicable securities legislation.

CORPORATE GOVERNANCE

The securities regulatory authorities in Canada adopted National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58- 201 — *Corporate Governance Guidelines* ("**NP 58- 201**"). NP 58-201 contains a series of guidelines for effective corporate governance. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. These guidelines have replaced the guidelines previously established by the TSX.

For the purposes of this disclosure, the applicable definition of "independent" is provided for in NI 52-110. For the purposes of NI 52- 110, a director is considered "independent" if he or she has no direct or indirect material relationship with the issuer. A material relationship is one which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The following people would be deemed to have a material relationship with us:

(a) A director who is, or has been within the past three years, an executive officer, or employee of the Company or our Subsidiary or any of their respective affiliates;
(b) A director whose immediate family member is, or has been within the past three years, an executive officer of the Company or our Subsidiary or any of their respective affiliates;
(c) A director who, or whose immediate family member is, or has been within the last three years, associated with our audit firm;
(d) A director who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of our current executive officers (or any current executive officers of our Subsidiary) serves or served at that same time on the entity's compensation committee; and
(e) A director who received, or whose immediate family member who is employed as an executive officer of the Company or our Subsidiary received, more than $75,000 in direct compensation from us during any 12 month period within the last three years.

Six (6) of the seven (7) members who are expected to form our Board of Directors at the Effective Time are independent, being Eric Zahler (Chair), Pui-Ling Chan, Maria Izurieta, The Honorable Dennis Kloske, Miguel Angel Panduro Panadero and Miguel Angel Garcia Primo as that term is defined in NI 52-110. Peter Mabson is not independent for the purposes of NI 52-110 because he is our Chief Executive Officer. All committees are comprised of independent directors. In addition, where potential conflicts arise during a director's tenure on the Board, such conflicts are expected to be immediately disclosed to the Board.

Our Board intends to evaluate the appointment of an additional independent director prior to the first regularly scheduled annual general meeting after the Effective Time.

We will implement charters for the Board and for each of its standing committees. In addition, we will implement position descriptions for the Chair and the CEO. Position description of each of the chairs of the Corporate Governance and Nominating Committee and Human Resources and Compensation Committee are included in their respective charters. These policies and position descriptions, as well as the Charter of Director Duties and Expectations (the "Duties and Expectations Charter") and the Orientation and Continuing Education Program for the Board (the "**OCEPB**"), will be available on our website at www.exactearth.com.

Set out below is a description of certain of our anticipated corporate governance practices, as required by NI 58-101.

Board of Directors

Overview

Our articles will provide for a minimum of three and a maximum of fifteen directors. The articles will also provide that the Board of Directors has the power to set the number of directors within the minimum and maximum number. In addition, in accordance with the CBCA, the Board of Directors may appoint one or more additional directors who shall hold office until the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders.

At the Effective Time, our Board of Directors will comprise seven (7) directors: Eric Zahler (Chair), Pui-Ling Chan, Maria Izurieta, The Honorable Dennis Kloske, Peter Mabson, Miguel Angel Panduro Panadero and Miguel Angel Garcia Primo. A member of our Board of Directors is also a current member of the board of directors of another public company, as noted below:

Name of Director	Name of Reporting Issuer and Exchange
Eric Zahler	MacDonald, Dettwiler and Associates Ltd. (TSX)

The Board will meet on a quarterly basis at a minimum. The provisions of the Board Charter will require all Board meetings to include regular meetings of our independent directors without management present to allow for open discussions between such independent directors.

Our directors are expected to fulfil their duties in a manner consistent with our high standards for integrity and good governance. In order to memorialize our expectations for each of its directors, we will establish the Duties and Expectations Charter. A copy of the Duties and Expectations Charter is available on our website.

Director Tenure

It is proposed that each of the proposed directors of the Company will serve until the close of our next annual general meeting or until his or her successor is elected or appointed. The Board has not adopted a term limit for directors. The Board believes that the imposition of director term limits on a board may discount the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members. The Board relies on an annual director assessment procedure in evaluating Board members and believes that it can best strike the right balance between continuity and fresh perspectives without mandated term limits.

Diversity

We encourage diversity in the composition of the Board and require periodic review of the composition of the Board as a whole to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, knowledge, experience, skills and expertise required for the Board as a whole. Accordingly, while the Board has not adopted a written policy or targets relating to the identification and nomination of women directors, the Board does take into consideration a nominee's potential to contribute to diversity within the Board. Given that diversity is part of determining the overall balance, which includes gender, the Board has not adopted a gender specific policy target.

The Board, following the Effective Time, is expected to be comprised of one female director (14%) and six male directors (86%). Consistent with our approach to diversity at the Board level, our hiring practices include consideration of diversity across a number of areas, including gender. While our senior management includes two women, none of our current named executive officer positions are held by women. We do not have a target number of women executive officers. Given the small size of our executive team, we believe that implementing targets is not appropriate at this time. However, in our hiring practices, we consider the level of representation of women in executive officer positions.

Board Mandate

The mandate of the Board is to provide oversight for the Company and to act in our best interests. The Board acts in accordance with the CBCA and our articles of incorporation and bylaws, as well as with other applicable laws and Company policies. The Board discharges its responsibilities both directly and through the work performed by the Committees. The Board has established a comprehensive set of approval authorities for the transaction of our business. The Board reviews and

approves any transactions and decisions that fall within its approval mandate in advance, and reviews the results of these decisions on a regular basis. A copy of the mandate of our Board of Directors is attached to this Appendix "E".

Position Descriptions

Chair of the Board and Committee Chairs

Mr. Eric Zahler will be the Chair of the Board of Directors. The Board of Directors intends to adopt a written position description for the Chair of the Board of Directors which will set out the Chair's key responsibilities, including duties related to Board of Directors' meetings, shareholders' meetings, director development and communication with shareholders and regulators. The Board of Directors also intends to adopt a written position description for each committee chair which will set out each committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee. These descriptions will be considered by the Board of Directors for approval annually.

The CEO

Mr. Peter Mabson is our CEO. The primary functions of the CEO are to lead the management of our business and affairs and to lead the implementation of the resolutions and the policies of the Board of Directors. The Board of Directors intends to develop a written position description for the CEO which will set out the CEO's key responsibilities, including duties relating to strategic planning, operational direction, and interaction with the Board of Directors and communication with shareholders. The CEO position description will be considered by the Board of Directors for approval annually.

Orientation and Continuing Education

The composition of our Board at the Effective Time will consist of directors who are familiar with the industry, or who bring particular expertise to the Board from their professional experience. New directors will receive an orientation to the Company in accordance with the OCEPB; all new directors are expected to complete the orientation process within two quarters after the director has been appointed to the Board. All directors receive a record of public information about us, as well as other relevant corporate and business information. Senior management will make regular presentations to the Board on the main areas of the business and the directors will have the opportunity to ask questions and tour our facilities. Additionally, the Corporate Governance and Nominating Committee, in conjunction with our executive officers, will maintain a website for the directors which contains all of the information, policies, codes, and all other relevant information about us in the form of a virtual handbook for the directors. All directors are either members of the Institute of Corporate Directors (the "**ICD**") or have been through training with the National Corporate Directors Association. All directors are required by the OCEPB to continue to improve their knowledgebase and their proficiency through the use of the resources available at the ICD.

Ethical Business Conduct

In connection with the Spinout Transaction, the Board will adopt a code of business conduct and ethics (such document, the "**Code**") for our directors, officers and employees, in respect of which it will monitor compliance. Each director will be required to certify his or her compliance with the Code annually. Directors and executive officers are required by applicable law and our corporate governance practices and policies to promptly disclose any potential conflict of interest that may arise. If a director or executive officer has a material interest in an agreement or transaction, applicable law and principles of sound corporate governance require them to declare the interest in writing and where required by applicable law, to abstain from voting with respect to such agreement or transaction.

A copy of the Code may be obtained by contacting us and will be available for review under our profile on SEDAR at www.sedar.com upon the completion of the Spinout Transaction.

Committees

At or prior to the Effective Time, our Board of Directors will establish an Audit Committee, a Human Resources and Compensation Committee, and a Corporate Governance and Nominating Committee. At or prior to the Effective Time, the Board will approve charters for each of these committees, which are described below. Our Board of Directors will delegate to the applicable committee those duties and responsibilities set out in each committee's charter.

Audit Committee

The Audit Committee will be responsible for overseeing the integrity of our financial statements, reviewing financial reports and other financial information, recommending the appointment and reviewing and appraising the audit efforts of our external auditors, overseeing and monitoring our financial reporting processes and internal controls and procedures, our processes to manage business and financial risk and its compliance with legal, ethical and regulatory requirements and encouraging improvement of and adherence to our policies, procedures and practices. The responsibilities, powers and operation of the Audit Committee will be set out in the charter of the Audit Committee, a copy of which will be available on our website.

The Audit Committee will consist of Maria Izurieta (Chair), The Honorable Dennis Kloske and Pui-Ling Chan. Each of the members of the Audit Committee will be considered "independent" and "financially literate" within the meaning of NI 52-110. For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All members of the Audit Committee will have experience reviewing financial statements and dealing with related accounting and auditing issues. Set out below is a description of the education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member.

Audit Committee Member	Relevant Education and Experience
Maria Izurieta (Chair)	Ms. Izurieta was previously CEO and CFO of Wireless Matrix and VIPdesk. Currently the CFO of 3Pillar Global. Holds a Bachelor of Science degree in Accounting from Virginia Polytechnic Institute and State University.
The Honorable Dennis Kloske	The Honorable Dennis Kloske has a BA from Harvard and was a Rhodes Scholar at Oxford University. He served as undersecretary of Commerce in the U.S. administration of President George Bush (Sr) and has been involved in many high level financial negotiations.
Pui-Ling Chan	Mr. Pui-Ling Chan served as CEO of Skywave, a private Canadian telecommunications company for 12 years and also served as the general partner of McLean Watson Capital for seven years during which time he was engaged in numerous financial due diligence activities and served on the audit committee of several boards. Mr Chan has a BSc(Hon) from Waterloo university.

Our Board of Directors will adopt a written charter for the Audit Committee. The mandate of the Audit Committee will be to assist our Board in fulfilling its financial oversight obligations, including the responsibility: (1) to oversee the integrity of our financial statements and financial reporting process, including the audit process and our internal accounting controls and procedures and compliance with related legal and regulatory requirements; (2) to oversee the qualifications and independence of our external auditor; (3) to oversee the work of our financial management and external auditor; and (4) to provide an open avenue of communication between the external auditors, our Board and our management.

A copy of the charter of the Audit Committee is attached to this Appendix "E".

Pre-Approval Policies and Procedures

The Board will adopt an Audit Committee Charter which includes responsibilities regarding the provision of non-audit services by our external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

Auditor Fees

Fees billed by Ernst & Young LLP to us in the years ended October 31, 2014 and October 31, 2013 were approximately $112,975 and $17,000, respectively, as detailed below.

	Year ended October 31, 2014	Year ended October 31, 2013
Audit fees	$112,975	$17,000
Audit-related fees	Nil	Nil
Tax fees	Nil	Nil
All other fees	Nil	Nil
Total	$112,975	$17,000

Audit fees — Fees billed by Ernst & Young LLP were for professional services rendered for the audit of our financial statements.

There were no other fees for 2014 or 2013.

Human Resources and Compensation Committee

Our Human Resources and Compensation Committee will consist of three directors, all of whom will be considered to be "independent" as that term is defined in NI 52-110. The independent members of the Human Resources and Compensation Committee will be Pui-Ling Chan (Chair), Maria Izurieta and Miguel Angel Garcia Primo. As set out under "Directors and Executive Officers — Biographies" above, each of the members of the Human Resources and Compensation Committee, through their previous work experience and board memberships, will have the skills and experience that enable the Human Resources and Compensation Committee to make decisions on the suitability of our compensation policies and practices.

Corporate Governance and Nominating Committee

At or prior to the Effective Time, our Board will appoint a Corporate Governance and Nominating Committee comprising three directors, each of whom will be considered to be "independent" as that term is defined in NI 52-110. The members of the Corporate Governance and Nominating Committee are anticipated to be The Honorable Dennis Kloske (Chair), Eric Zahler and Miguel Angel Panduro Panadero.

The Corporate Governance and Nominating Committee will govern the nomination of directors. In addition, the Corporate Governance and Nominating Committee will be primarily responsible for optimizing the performance of the Board and of the directors who comprise the Board. The Corporate Governance and Nominating Committee will fulfill this responsibility by performing the following primary functions: (i) assessing the effectiveness of the Board as a whole as well as the contribution of the individual directors; (ii) assessing our governance infrastructure as well as specific governance programs implemented by us; (iii) finding and proposing new nominees to serve as our directors; and (iv) providing orientation training for new directors as well as continuing education programs for existing directors.

To assist the Corporate Governance and Nominating Committee's task to seek and evaluate suitable candidates to serve on the Board, the Corporate Governance and Nominating Committee will rely upon a formal nominating process (the "**Director Nominating Process**") to be approved by the Board. The Director Nominating Process will include the employment of a skills and experience matrix to help the Corporate Governance and Nominating Committee assess the qualifications of the director nominees. The Director Nominating Process will evaluate prospective directors using a series of broad categories such as: (i) enterprise leadership, (ii) industry knowledge, (iii) financial and/or legal capabilities, (iv) prior experience serving on the board of directors of other business entities, and (v) diversity.

To assist the Corporate Governance and Nominating Committee's task in assessing the contribution of individual directors and in the creation of a more transparent, effective corporate governance culture, the Board will enact the compensation structure for its directors described in the section titled "Executive Compensation — Director Compensation" above. All directors will be required to comply with the Duties and Expectations Charter and with the OCEPB. Any director who is unable to comply either with the Duties and Expectations Charter or with the OCEPB will be expected to resign from the Board.

The complete and full responsibilities, powers and operation of the Corporate Governance and Nominating Committee will be set out in this Committee's charter, a copy of which will be available on our website.

Prior to the Effective Time, the Company will enter into a Nominating Agreement with Hisdesat. The Nominating Agreement provides that so long as a Hisdesat has a 20% ownership interest in the Company, the Company will include two of Hisdesat's nominees for director at the Company's annual meeting, and for so long as Hisdesat has a 10% ownership interest in the Company, the Company will include one nominee of Hisdesat for election as director at the Company's annual meeting. See "**Relationships with our Principal Shareholders**".

The shareholders are entitled to elect directors of the Company and the provisions of the Nominating Agreement do not restrict the voting rights of shareholders. While our Board will be responsible for recommending the directors to be elected by shareholders at the annual meeting of shareholders, we will adopt a majority voting policy to deal with situations where a candidate recommended by our Board for election has more votes withheld than are voted in favour of such nominee. We believe that each director should have the confidence and support of the shareholders. Where a director nominee has more votes withheld than are voted in favour of such nominee, the nominee, even though duly elected as a matter of corporate law, will be required to tender his or her resignation which will be accepted by our Board, absent exceptional circumstances, within 90 days after the date of the shareholder meeting. Following the Effective Time, a copy of the Majority Voting Policy can be found on the Corporate Governance section of our website at www.exactearth.com.

Insider Trading

We will adopt an Insider Trading Policy to govern the conduct of our directors, officers, employees and other insiders with respect to the trading of our securities, particularly in the context of material information concerning us and our affairs. Among other matters, the Insider Trading Policy will set out prohibited trading activities, establish guidelines for identifying our insiders and describe reporting requirements applicable to insiders.

Under our Insider Trading Policy, our directors, officers and employees will not be permitted to purchase financial instruments to hedge or offset a decrease in the market value of our securities granted as compensation.

The Insider Trading Policy will permit, in the sole discretion of the Board, officers and directors to trade during blackout periods or during a time when such officer or director is in possession of material undisclosed information, provided that such officers or directors have entered into an automatic share disposition plan or automatic share purchase plan governing such trades on terms and conditions satisfactory to the Board and that are in accordance with the guidelines in OSC Staff Notice 55-701.

RISK FACTORS

An investment in the Common Shares carries a number of risks, many of which are inherent in the business we conduct, including the risk that the entire investment may be lost. In addition to all other information set out in this Appendix "E", the following specific factors could materially adversely affect us and should be considered when deciding whether to vote in favour of the Arrangement. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect our business, prospects, financial condition, results of operations or cash flow. COM DEV Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in exactEarth. In evaluating exactEarth and its business and whether to vote in favour of the Arrangement, COM DEV Shareholders should carefully consider, in addition to the other information contained in the Circular and this Appendix "E, the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "Risk Factors"). These risk factors may not be a definitive list of all risk factors associated with an investment in exactEarth or with exactEarth's business or operations or in connection with the Arrangement.

Risks Relating to Our Business and Industry

Our satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks while in orbit.

Our satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks while in orbit. The risks include equipment failures, malfunctions and other kinds of problems commonly referred to as anomalies. Satellite anomalies include, for example, circuit failures, transponder failures, solar array failures, battery cell and other power system failures, satellite control system failures and propulsion system failures. Acts of war, terrorism, magnetic, electrostatic or solar storms, space debris, satellite conjunctions or micrometeoroids could also damage our satellites.

In addition, the AIS signals we receive in space were not intended to be received in space. The development of highly sensitive space receivers has enabled our business. These receivers detect signals, AIS or otherwise, that are emitted from the earth's surface. Signals that are not AIS cause interference to the space detection of AIS. New transmitters could be deployed on the earth that emit in the same frequencies as AIS and cause our service to be severely compromised or disabled.

Any single anomaly or series of anomalies or other failure (whether full or partial) of any of our satellites could cause our revenues and cash flows to decline materially, could damage our reputation and goodwill, and could have a material adverse effect on our relationships with current customers and our ability to attract new customers. In addition, an anomaly that has a material adverse effect on a satellite's overall performance or anticipated future commercial service life could require us to recognize an impairment loss. It may also require that we expedite or delay its planned replacement program, adversely affecting our profitability, increasing our financing needs and limiting the availability of funds for other business purposes. Finally, the occurrence of anomalies may adversely affect our ability to insure our satellites at commercially reasonable premiums, if at all, and may cause insurers to demand additional exclusions in policies they issue.

It is possible that the actual commercial service lives of our satellites will be shorter than anticipated.

We anticipate that the satellites comprising our First Generation Constellation will have the expected end-of-commercial-service life dates ranging from 10 to 12 years in service, depending on the type of satellite. It is possible that the actual commercial service lives of our satellites will be shorter than anticipated. A number of factors will affect the actual commercial service lives of our satellites, including: (i) the amount of propellant used in maintaining the satellite's orbital location or relocating the satellite to a new orbital location (and, for newly-launched satellites, the amount of propellant used during orbit raising following launch), (ii) the durability and quality of their construction, (iii) the performance of their components, (iv) conditions in space such as solar flares and space debris, (v) operational considerations, including operational failures and other anomalies, (vi) changes in technology which may make all or a portion of our satellite fleet obsolete.

Each of our satellites is required to, and has, a de-orbit plan for the end of its life. In each case the satellite is decommissioned, costs for supporting it will cease to accumulate and it will naturally de-orbit and burn up in the atmosphere. We periodically review the anticipated commercial service lives of each of our satellites using current engineering data. A reduction in the commercial service life of any of our satellites could result in the recognition of an impairment loss, an acceleration of capital expenditures and a loss of revenue from impediments to delivering timely data.

Satellites are subject to launch failures, which could result in a delayed launch or damage to a satellite.

We currently have 7 operational satellites in orbit, one satellite that is undergoing satellite commissioning which is expected to be operational by the end of January and we expect to launch two additional satellites over the next 12 months. Satellites are subject to certain risks related to failed launches. Launch vehicles may fail. Launch failures result in significant delays in the deployment of satellites because of the need to construct replacement satellites (which can take up to 24 months or longer) or to obtain another launch vehicle. Such significant delays could have a material adverse effect on our results of operations, business prospects and financial condition. A delay in launching replacement satellites may cause the aggregation and processing of vessel data to suffer and ultimately to not be delivered to customers. Launch vehicles may also underperform, in which case the satellite may be lost or, if it can be placed into service by using its onboard propulsion systems to reach the desired orbital location, will have a shorter useful life. A failed launch could also increase, perhaps prohibitively, our cost of insuring future launches. In addition, we do not have insurance against business interruption, loss of revenues or delay of revenues to cover such events and such revenues may not be recoverable.

Our current insurance does not protect us against all satellite-related losses that we may experience and does not protect us against business interruption, loss of revenues or delay of revenues.

Our business is subject to a number of risks and hazards including adverse conditions or changes in the regulatory environment. Such occurrences could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Despite any insurance coverage which we currently have or may secure in the future, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or we may elect not to insure against such liabilities due to high premium costs or other reasons, in which event we could incur significant costs that could have a materially adverse effect upon our financial position.

While we do have insurance coverage for failures of our satellites, including launch and in-orbit coverage, our current insurance does not protect us against all satellite-related losses that we may experience. Our insurance does not protect us against business interruption, loss of revenues or delay of revenues. Our existing launch and in-orbit insurance policies include, and any future policies that we obtain can be expected to include, specified exclusions, deductibles and material change limitations. Typically, these insurance policies exclude coverage for damage or losses arising from acts of war, anti-satellite devices, electromagnetic or radio frequency interference and other similar potential risks for which exclusions are customary in the industry at the time the policy is written. In addition, they typically exclude coverage for satellite health-related problems affecting our satellites that are known at the time the policy is written or renewed. Any claims under existing policies are subject to settlement with the insurers.

The price, terms and availability of satellite insurance has fluctuated significantly in recent years. These fluctuations may be affected by recent satellite launch or in-orbit failures and general conditions in the insurance industry. Launch and in-orbit policies on satellites may not continue to be available on commercially reasonable terms or at all. To the extent we experience a launch or in-orbit failure that is not fully insured, or for which insurance proceeds are delayed or disputed, we may not have sufficient resources to replace the affected satellite. In addition, higher premiums on insurance policies increase costs, thereby reducing our available cash. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods, higher loss percentages required for constructive total loss claims and additional satellite health-related policy exclusions. There can be no assurance that, upon the expiration of an in-orbit insurance policy, which typically has a term of one year, we will be able to renew the policy on terms we find acceptable.

Replacing satellites at the end of service life is costly and we may not have sufficient funds available to replace those satellites.

To ensure no disruption in our business and to prevent loss of customers, we will be required to commence construction of a replacement satellite approximately 3 to 5 years prior to the expected end-of-life of the subject satellite then in orbit. Typically, it currently costs in the range of $3 to $10 million to construct, launch and insure a satellite that is capable of producing 3 million AIS reports per day. There is no assurance that we will have sufficient cash, cash flow or be able to obtain third party or shareholder financing to fund such expenditures on favorable terms, if at all. Should we not have sufficient funds available to replace those satellites, it could have a material adverse effect on our results of operations, business prospects and financial condition.

Delays in launching satellites are not uncommon and result from construction delays, the periodic unavailability of reliable launch opportunities, delays in obtaining required regulatory approvals, weather, timetable conflicts and launch failures.

We are dependent on launch schedules which have proven to be extremely variable. We either sign agreements to allow our payloads to be hosted on other company's satellites or we launch our own satellites. Inherent in either method are possible delays in satellite launch schedules. Delays in launching satellites are not uncommon and result from construction delays, the periodic unavailability of reliable launch opportunities, delays in obtaining required regulatory approvals, weather, timetable conflicts and launch failures, as well as government intervention such as sanctions imposed affecting the company contracted to launch the satellite, which can also result in cancellation of the launch. If satellite construction schedules are not met, a launch opportunity may not be available at the time the satellite is ready to be launched. Delays in the commencement of service may affect plans to replace an in-orbit satellite prior to the end of its service life, may result in the expiration or cancellation of launch insurance and may result in the loss of regulatory approvals for satellite launch and operations. The failure to implement new or replacement satellite deployment plans on schedule could adversely affect our ability to capture market share and/or have a material adverse effect on our results of operations, business prospects and financial condition.

Iridium NEXT may be our primary source for AIS data after IOC.

Pursuant to the Harris Agreement, we may generate all or a significant portion of our AIS data through the Second Generation Constellation hosted on-board Iridium NEXT. The terms of the Harris Agreement require us to continue to operate our First Generation Constellation until IOC, which is currently anticipated for January 1, 2018. When all of the satellites comprising the Second Generation Constellation are operational, we may decide not to use our existing First Generation Constellation to track AIS signals with the effect that we may become dependent on the Second Generation Constellation hosted on-board Iridium NEXT for our AIS data. Additionally, given the upfront payments required from us under the Harris Agreement, we may decide not to continue to invest in new satellites. Without a sufficiently large and modern fleet of satellite assets of our own, we may become dependent on the Second Generation Constellation hosted on-board Iridium NEXT for our AIS data. If that should occur, and there is an equipment failure, malfunction or other kind of disruption such as a satellite anomaly, or Harris or Iridium fails to obtain or maintain proper regulatory approvals, we may not be able to obtain AIS data or sufficient amounts of AIS data. This could have a material adverse effect on our results of operations, business prospects and financial condition.

The risk factors listed elsewhere in this "Risk Factors" section that pertain to satellite risk, including launch failure, commercial service lives of satellites and replacing satellites at the end of service life, should be read as also applying to the Second Generation Constellation hosted on-board Iridium NEXT. We do not reduce our satellite-related risk by not owning our own constellation of satellite assets.

Iridium has priority over the Second Generation Constellation hosted on- board Iridium NEXT.

Iridium's core business is to deploy, operate and exploit satellite infrastructure to serve the communications, telephony and data connectivity markets. Secondarily, Iridium has designed the Iridium NEXT infrastructure to support hosted payloads including the Company's Second Generation Constellation. We have agreed that the Iridium NEXT program, Iridium NEXT and any satellite or payload that is part of Iridium NEXT has priority and takes precedence over the operation of the Second Generation Constellation. This would require an unforeseen circumstance including, without limitation, new government regulations or a systemic technical problem discovered at such a point in time as to make it impossible to mitigate. This prioritization may result in Iridium deciding not to launch or host the Second Generation Constellation, the suspension or discontinuance of operations or reduction of resources to the Second Generation Constellation or otherwise degraded performance of the Second Generation Constellation which in each case could have a material adverse effect on our results of operations, business prospects and financial condition. The Company views such circumstances as remote. In addition the planned Second Generation Constellation is designed with excess capacity so that should some satellites require prioritization of Iridium NEXT's core mandate it should not impede the Company's ability to operate.

Iridium does not have any contractual obligations to us and we are not able to control any aspect of Iridium NEXT.

We do not have a contractual relationship with Iridium and Iridium does not have any contractual obligations to us. Harris and Iridium have entered into a hosting and cost reimbursement agreement and a data transmission services agreement (the "**Iridium Agreements**") in connection with Iridium NEXT and the Second Generation Constellation. The Iridium Agreements, to which we are not a party and to which we have not been granted access, contain the contractual terms related to the hosting of the Second Generation Constellation. While Harris has provided certain representations, warranties and covenants to us regarding the Iridium Agreements, only Harris on its own behalf, can make a claim against Iridium for a breach of one or more of the Iridium Agreements. To the extent that there is a breach under one or more of the Iridium Agreements that affects our ability to obtain AIS data from the Second Generation Constellation hosted on-board Iridium NEXT, our recourse under the Harris Agreement is limited, and this may have a material adverse effect upon our business, financial condition and results of operations.

We are required to share a substantial part of our revenue with Harris Corporation pursuant to the Harris Agreement.

Under the terms of the Harris Agreement, each of us and Harris must pay a significant portion of our respective revenues from the sale of AIS Source Data (as defined in the Harris Agreement) and AIS-based products to the other party based on certain metrics related to timing and specific product categories. To the Company's knowledge, prior to signing the Harris Agreement, Harris did not generate revenues of the type subject to the revenue sharing provisions of the Harris Agreement. This includes certain types of revenue which the Company does not expect Harris to generate in the immediate future, including without limitation the "Class A Harris non-U.S. Government revenue" described under the heading "U.S. Government Customers and Market". There can be no guarantee that we will receive substantial revenue from Harris.

We may pay a substantial portion of our revenue to Harris while collecting a smaller amount from Harris in return. There can be no guarantee that we will obtain a higher return on our capital that will be invested in upfront costs, annual costs and revenue share paid to Harris in exchange for AIS Source Data generated from the Second Generation Constellation hosted on-board Iridium NEXT as compared to what we would have earned had we invested such funds in our own satellite constellation and not been obligated to share our revenue with Harris.

The Harris Agreement includes a decision-making committee with broad discretion.

Pursuant to the Harris Agreement, we and Harris have delegated certain decision- making authority to the ACT, a joint committee comprised of three representatives from each party. The ACT has the discretion to determine certain operational and financial details such as determining the target service levels to be maintained by each of us and Harris, setting certain aspects of pricing and amendments to revenue targets, to determine how jointly-developed intellectual property should be owned and to decide on certain elements of dispute resolution. Decisions of the ACT must be made unanimously, however in the event that a unanimous decision cannot be reached, senior executives of each party will confer in good faith to resolve the dispute. The failure of the parties to agree on contentious issues may have a material adverse impact on our business and ongoing operations.

We and Harris Corporation may have co-ownership rights in certain intellectual property.

Pursuant to the Harris Agreement, the ownership of any intellectual property that is jointly developed by us and Harris during the term of the Harris Agreement will be allocated as we and Harris determine, but if we do not reach agreement with Harris in this regard, the intellectual property will be jointly owned by us and Harris, unless determined otherwise by the ACT. If we and Harris co-own such intellectual property, we each may exploit such intellectual property rights, including transferring or licensing them. Depending on the arrangement with Harris, Harris may use such intellectual property to its own advantage upon termination of the Harris Agreement. As a result, after termination, Harris may become a competitor to us and we may not be able to retain some or all of our customers or obtain business from new customers. We and Harris may dispute the ownership of certain intellectual property rights required to operate our business or we and Harris may have failed to identify and protect valuable intellectual property to reduce competition. Any of these outcomes could have a material adverse effect upon our business, financial condition and results of operations.

We and Harris Corporation will have co-ownership rights in newly-created AIS data and certain AIS data currently owned by us.

Pursuant to the Harris Agreement, we and Harris will be equal co-owners of AIS Source Data (as defined in the Harris Agreement) produced during the term of the Harris Agreement and equal co-owners of certain of our archived AIS data. Additionally, we and Harris will have co-ownership of AIS data produced by us using our First Generation Constellation during the term of the Harris Agreement. Harris may use the co-owned Source Data and/or AIS data to its own advantage following termination of the Harris Agreement. As a result, Harris may become a competitor to us and we may not be able to retain some or all of our customers or obtain business from new customers and this could have a material adverse effect upon our business, financial condition and results of operations.

The Harris Agreement has non-competition provisions and is an exclusive agreement.

Pursuant to the Harris Agreement, we are restricted from entering into business arrangements that are contrary to, or that conflict, with the Harris Agreement, and we have agreed to participate exclusively with Harris during the term of the Harris Agreement. The Harris Agreement also contains non-competition provisions that prohibit us from entering into, or providing, managerial, supervisory, administrative or consulting services or assistance to, representing or owning any beneficial interest in, any business with operations engaged in the creation or sale of VHF data services similar to those offered by the Second Generation Constellation, or products containing or derived therefrom. These restrictions on our business may prevent us from entering into possible beneficial arrangements or making certain acquisitions, in each case which may limit our ability to grow and generate additional revenue and profits. These restrictions may result in us being reliant on Harris for revenue growth. If we are engaged in disputes with Harris as a result of joint operations it could have a material adverse effect upon our business, financial condition and our operations.

Our strategic plan may be adversely impacted if the Harris Agreement is terminated, does not otherwise meet our expected service levels or the parties fail to renew the Harris Agreement.

The term of the Harris Agreement is until the end of the mission life of Iridium NEXT (as determined by the parties), or if we are unable to agree with Harris on a determination of this date, then the term shall end on the later of (i) 12.5 years after IOC and (ii) the date on which the Second Generation Constellation no longer meets certain service levels stipulated in the Harris Agreement. The Harris Agreement may also be terminated prior to the expiry of the term upon occurrence of specific events of "force majeure" including, among others, systemic failure, destruction or decommissioning of Iridium NEXT, failure of Iridium to obtain and maintain the proper authorizations, breaches by Iridium or failure of Iridium to deliver AIS data. There can be no assurance as to the terms upon which the Harris Agreement will be renewed, if at all, or that upon the termination of the Harris Agreement, we will be able to obtain sufficient replacement infrastructure, or required funding in respect thereof, to obtain comparable AIS data and consequently to continue to deliver our products and services at the same level of service to our existing and new customers. If we are unable to renew the Harris Agreement, or unable to renew it on terms which are acceptable to us, or we are unable to enter into a replacement agreement, it may have a material adverse effect upon our business, financial condition and results of operations.

We are required to meet certain revenue targets under the Harris Agreement.

Under the terms of the Harris Agreement, each of us and Harris must meet certain minimum annual revenue targets. Starting in our and Harris' respective fiscal year following the fifth anniversary of IOC, we are required to generate a minimum of US$51 million in annual revenue, while Harris is required to generate US$14 million in annual revenue, in each case in respect of products contemplated under the Harris Agreement. If a party to the Harris Agreement does not meet the minimum revenue requirements and also fails to achieve a sufficient share of the total commercial S-AIS market as determined by the ACT, then the defaulting party shall elect either to (i) forego exclusivity in its territory, following which the non-defaulting party must pay to the defaulting party 33% of the non-defaulting party's revenue generated from the territory that had formerly been exclusive to the defaulting party, or (ii) pay to the non-defaulting party an amount equal to the revenue share that would have been payable to the non-defaulting party had the minimum annual revenue target been met. There is no assurance that we or Harris may meet the minimum annual revenue targets or the required market share of the commercial S-AIS market.

We have incurred significant operating losses in each of the last three years.

We incurred net losses after finance charges of $3.755 million in 2014, $4.125 million in 2013 and $5.933 million in 2012. At October 31, 2014, we had an accumulated deficit of $30.952 million. These losses and accumulated deficit were due to the substantial investments we made to grow our business and acquire customers.

Significant expenditures to support our growth strategy may include investments in our satellites, earth stations and physical infrastructure, costs associated with the development of new products, expected increase in sales and marketing expenses, general and administrative costs and potential strategic acquisitions. We expect that our operating expenses will continue to increase as we spend resources on growing the business, and if our revenue does not correspondingly increase, our operating results and financial condition will suffer. The amount of these expenditures is difficult to forecast accurately and cost overruns may occur. We cannot be certain of the timing and extent of revenue receipts and expense disbursements. To become profitable, we will have to generate sufficient revenue while controlling costs and expenses. Our recent revenue growth should not be considered as indicative of future performance. Accordingly, we cannot be sure that we will achieve profitability in the future, nor that, if we do become profitable, that we will sustain profitability. Consequently, we cannot make assurances that we will generate positive cash flows from operating activities in the future or, if we do generate positive cash flows from operating activities, that they will be sustained.

We may suffer from a failure of our ground stations or our data processing facility which could result in a significant loss of service for our customers.

We currently operate, or have commercial arrangements for the use of, fourteen ground stations situated in a number of countries. Our ground stations use highly complex technology and are, in some cases, situated in remote locations. Additionally, one of our DPCs is located in Toronto, Ontario, Canada and is essential for processing data collected from our satellites that has been routed through our ground stations. We may experience a partial or total loss of one or more of these facilities due to natural disasters (tornado, flood, hurricane or other such acts of God), fire, acts of war or terrorism or other catastrophic events. A failure at any of these facilities would cause a significant loss of service for our customers. Additionally, there are inherent dangers and risks associated with our satellite operations, including the risk of increased

radiation and possibility of in-orbit collisions with other objects. We may experience a failure in the necessary equipment at one or more ground stations, at our DPCs, or in the communication links between our satellites, ground stations and DPCs. A failure at any of our facilities or in the communications links between our facilities could have a material adverse effect on our results of operations, business prospects and financial condition.

We may suffer from failure due to unforeseen technical problems, operator error or orbital collisions involving our satellites.

Our satellites operate in a harsh environment of extreme temperatures, radiation, and space debris. It may not be possible to detect the presence of space debris and in cases where we can, we may not be able to steer our satellites out of the way. Operation of the satellites is carried out remotely and depends on being able to send commands, via ground transmitters, to the satellites. Operator error or other issues could negatively impact the operation of our satellites.

Our in-orbit satellites do not currently occupy all of the orbital locations for which we have obtained regulatory authorizations.

Our First Generation Constellation and our Second Generation Constellation involve non-geostationary LEO satellites which must operate within an approved orbital placement and using allotted frequencies pursuant to the ITU's coordination and notification procedures and IC regulations. Regarding the satellites we own or operate that are part of our First Generation Constellation, we are responsible for obtaining the necessary approvals from regulators and other radiocommunications operators. If we are unable to obtain regulatory approval for, or to effect placement of satellites into currently unused orbital placements in a manner that satisfies the applicable regulatory requirements, if there are delays in launching, or if we are unable to maintain satellites at the approved orbital locations that we currently use and without causing harmful interference prohibited by the regulatory requirements, we may become non-compliant with the regulatory requirements. We cannot operate our satellites without suitable orbital placements and frequency allotments in which to launch and operate the satellites. We cannot relocate satellites subject to the Amended ADS Approval without prior authorization of the Minister (IC). The inability to obtain approval for orbital placements or frequency allotments, the inability to operate in approved orbital placements, the inability to achieve coordination and notification of the orbital placement and use of frequency allocations in the future, and delays in launch could negatively affect our plans and our ability to implement our business strategy. These same regulatory risks apply to other satellites in our First Generation Constellation that we do not own or operate and the Iridium NEXT satellites in the Second Generation Constellation.

Any defects or malfunctions in the software we utilize in developing and providing our products could cause severe performance failures.

Our existing and new products depend and will depend on the continuous, effective and reliable operation of computer hardware and software. Any defect, malfunction or other failing in the computer hardware or software we utilize could result in inaccurate data reading, misinterpretations of data, or other performance failures that could render our services unreliable or ineffective and could lead to decreased confidence in our services, damage to our reputation and reduction in our sales, the occurrence of any of which could have a material adverse effect on our results of operations, business prospects and financial condition. Although we update the computer software utilized in our services on a regular basis, there can be no guarantee that defects do not or will not in the future exist or that unforeseen malfunctions, whether within our control or otherwise, will not occur.

We may suffer a financial loss if we infringe on the intellectual property rights of others.

While we believe that neither we nor our products or services infringe or misappropriate the intellectual property rights of any third parties, our commercial success depends, in part, on us not infringing or misappropriating the intellectual property rights of others. A number of our competitors and other third parties may have obtained patents or may have pending patent applications that may be granted, and accordingly such parties may have or obtain patent protection in one or more countries around the world for inventions similar to those which have been or are being developed or used by us. Some of these patents may grant very broad protection to the third party owners.

We have not undertaken a review to determine whether we or our products or services infringe any active third party patents, or may infringe the potential issuance of any third party patents, or whether we would need to change our operations, alter our products or services, obtain licenses, or cease certain activities as a result of the patents or potential patents of others.

In certain cases, we may be prohibited from developing, using or selling certain services and products unless we obtain a license from a third party. There can be no assurance that we will be able to obtain any such license on commercially favourable terms or at all. If we do not obtain such a license, we may be required to cease the sale of certain of our products and services and alter our products and services or alter our operations.

We may become subject to claims by third parties alleging that we or our products or services infringe or misappropriate the intellectual property rights of others. Legal proceedings in one or more countries may be necessary to determine the scope, enforceability and validity of third party intellectual property rights. Some of our competitors have, or are affiliated with companies having, substantially greater resources than us and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than we can. Regardless of the merit of any such infringement or misappropriation claims they can be time consuming to evaluate and defend, result in costly legal proceedings, cause product shipment and service delays or stoppages in one or more countries, divert management's attention and focus away from the business, subject us to significant liabilities and equitable remedies including damages and injunctions, require us to enter into costly royalty or licensing agreements and require us to modify our activities, products, or services, or stop using or selling certain products or services in one or more countries around the world.

We may suffer a significant financial loss if we do not successfully protect our intellectual property rights.

Our success depends, in part, on our ability to maintain various forms of legal protection including, without limitation, patent, trademark, copyright, and confidential information protection over aspects of our products, services, processes, and know-how, and over our trade secrets, inventions, and software (collectively referred to as "technology").

We have filed Patent Cooperation Treaty patent applications for certain aspects of our products, services and operations. We have also filed for patent protection in the United States and have the option to enter the national phase in a number of countries. However, we may not seek patent protection in all countries where we sell or may sell our products and services due to the cost associated therewith other business considerations. We may not obtain a patent application if it is refused by the local patent office of the corresponding filing country and we may choose not to maintain a patent application or patent in a particular country.

We have recently acquired patents and patent applications from COM DEV in the field of systematic data distilled from broadcasts of AIS messages. We have sublicensed certain of the intellectual property received from COM DEV to others and have indemnified those parties with respect to claims of intellectual property infringement resulting from the use of such intellectual property.

In connection with this acquisition, we have granted to COM DEV an exclusive, irrevocable, perpetual, world- wide royalty-free license to use the acquired intellectual property for any purpose outside of AIS data (systematic data distilled from broadcasts of AIS messages) applications. The intellectual property we have licensed includes, without limitation, patents, copyright, know-how, trade-secrets, and confidential and proprietary information relating to AIS. While we have an indemnity from COM DEV for any third party claims against us arising from or relating to products or services provided by COM DEV or COM DEV's licensees or sub-licensees, there can be no assurance that such indemnity will be sufficient or adequate to cover any damages that we may incur as a result of COM DEV's misuse of our intellectual property.

Our intellectual property may be subject to impeachment, opposition or cancellation proceedings or other challenges commenced by third parties. The validity of an issued patent or the patentability of a pending patent application may be challenged on a number of grounds, and the outcome of such challenges is inherently unpredictable. If such a challenge is successful in whole or in part then the subject patent application may not be granted or the subject patent may be found to be invalid, or certain patent claims may be cancelled, in which case the patent or patent claims will be unenforceable. A third party may also oppose or challenge our use of certain trademarks. If such a challenge is successful then we may have to re-brand some of our products or services.

While the majority of our patents, patent applications and copyright were recently issued, filed, or created, these types of intellectual property have limited terms such that the legal protection afforded therefor will expire at the end of the term.

Despite precautions, a third party may be able to independently develop or legally or illegally obtain, and then subsequently use, our technology. There can be no assurance that any steps taken by us will prevent the use of our technology by others, including in countries in which we have not obtained patents. If our intellectual property is infringed by a third

party or if our technology has been misappropriated, we may need to commence legal proceedings against that party in one or more countries. The result of any such legal proceedings may be uncertain, and such legal proceedings could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on third-party contractors for certain aspects of our business.

There are a limited number of manufacturers that are able to design and build satellites according to the technical specifications and standards of quality we require. There are also a limited number of suppliers able to launch such satellites. Adverse events with respect to any of our manufacturers or launch suppliers could result in the delay of the design, construction or launch of our satellites. General economic conditions may also affect the ability of our manufacturers and launch suppliers to provide services on commercially reasonable terms or to fulfill their obligations in terms of manufacturing schedules, launch dates, pricing, or other items. Even where alternate suppliers for such services are available, we may have difficulty identifying them in a timely manner, we may incur significant additional expense in changing suppliers, and this could result in difficulties or delays in the design, construction or launch of our satellites. Any delays in the design, construction or launch of our satellites could have a material adverse effect on our business, financial condition and results of operations.

We purchase equipment from third party suppliers and depend on those suppliers to deliver and support these products to the contracted specifications in order for us to meet our service and contractual commitments to our customers. We may experience difficulty if these suppliers do not meet their obligations to deliver and support this equipment. We may also experience difficulty or failure when implementing, operating and maintaining this equipment, or when providing services using this equipment. This difficulty or failure may lead to service interruptions or degradations in the product offered to our customers, which could cause our revenues to decline materially and could adversely affect our ability to market its services and generate future revenues and profit.

We rely heavily on certain relationship with third parties as part of our business.

We have established preferred relationships with COM DEV, Hisdesat and their respective affiliates. These relationships provide for marketing, sales, and technical support that help us to expand our opportunities, and provide us with systems and services to fulfill our procurement requirements. If we fail to maintain and enhance these relationships, or to establish new relationships in the future, this could have a material adverse effect on our business, results of operations and/or financial condition.

In addition, we communicate with our satellites through various ground stations which transmit and receive information to and from the satellite. A majority of our ground stations are owned and maintained by third parties, such as KSAT, and therefore if our relationship with these parties deteriorates then our operations could be adversely affected.

We rely on third-party distributors to market and sell our products and services to end users. Our distributors operate independently of us, and we have limited control over their operations, which exposes us to significant risks; including selling our services to proscribed countries. Distributors may not commit the necessary resources to market and sell our products and services and may also market and sell competitive products and services. In addition, our distributors may not comply with the laws and regulatory requirements in their local jurisdictions, which could limit their ability to market or sell our products and services. If current or future distributors do not perform adequately, or if we are unable to locate competent distributors in particular countries and secure their services on favorable terms, we may be unable to increase or maintain our revenue in these markets or enter new markets, we may not realize our expected growth, and our brand image and reputation could be materially and negatively affected.

Our share of the AIS data market and other areas of the maritime information market may be lost to competitors.

While the patented AIS data processing technology that we own which, along with the capital cost to acquire and launch satellites, provides a barrier to entry for many potential competitors, there are relatively low barriers to entry for certain experienced and well capitalized competitors. We may face increasing competition in the AIS tracking market. Large companies with expertise in satellite technology and use and data aggregation may have significantly more resources than we have and may be able to enter our market. We are constantly exposed to the risk that our competitors may implement disruptive technology, or new technology before we do, or may offer lower prices, additional products or services or other incentives that we cannot and will not offer. We can give no assurances that we will be able to compete successfully against existing or future competitors.

Both commercial and government organizations have indicated that they might build and launch satellites capable of collecting AIS information from space. In the case of some competitors, the AIS signal collection is a secondary use of the satellites and thus has a lower marginal cost than for us. Terrestrial collection of AIS signals is relatively inexpensive and while the range of detection is limited, this capability may be sufficient for some potential customers.

The markets in which we operate are characterized by changing technology and evolving industry standards.

Any failure or delays by us in meeting or complying with changing technology and an evolving industry could have a material adverse effect on our business prospects, results of operations and financial condition. Our ability to anticipate changes in technology, technical standards and the needs of the industries we serve or propose to serve will be a significant factor in our ability to compete or expand into new markets. There can be no assurance that we will be successful in identifying, developing and marketing products or systems that respond to rapid technological change, evolving standards or individual customer standards or requirements.

We will be required to invest in technology to meet the changing needs of our customers. Technological development is expensive and requires significant lead time. It is possible that we may not be successful in developing new technology or that the technology we are successful in developing may not meet the needs of our customers or potential new customers. Our competitors may also develop technology that better meets the needs of our customers, which may cause those customers or potential new customers to migrate to our competitors. If we do not continue to develop, manufacture and market innovative technologies or applications that meet customers' requirements, sales may suffer which could have a material adverse effect on our business prospects, results of operations and/or financial condition.

Our customers may change their product requirements and we may not be able to meet this change.

Our products have a variety of applications. Despite this variety, there can be no guarantee that our customers will continue to be satisfied with the current applications of our products. We can give no assurances that we will be able to meet changing customer requirements, or to meet them quickly enough. The failure to meet changing customer requirements could result in a material adverse effect on our results of operations, business prospects and financial condition.

We rely on a limited number of customers to provide a substantial portion of revenue, many of which are Governments of sovereign nations.

For our fiscal years ended October 31, 2014, October 31, 2013 and October 31, 2012, our three largest customers and their affiliates represented approximately 60%, 63% and 72% of our revenue, respectively. The loss of, or default by, one or more of these customers could significantly affect our business.

Although we monitor our larger customers' financial performance and seek deposits, guarantees and other methods of protection against default where possible, customers may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Defaults by any of our larger customers or by a group of our smaller customers who, collectively, represent a significant portion of our revenue could have a material adverse effect on our results of operations, business prospects and financial condition.

In addition, because service revenue depends either partially or entirely on the usage of our products and services by our customers and end users, the decline or slowdown in the growth of usage patterns of these customers which could occur at any time and with or without a reduction in the number of our billable subscribers could have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on contracts with Government customers which customers are subject to political change. Additionally, we operate in a market that is subject to significant Government regulation.

A significant amount of our sales are to government agencies. Changes in Government policies, priorities or regulations, tax revenue or funding levels through agency or program budget reductions, the imposition of budgetary constraints or the lack of Government appropriations or the delay and/or deferment in Governmental contract approvals or in Government programs could have a material adverse effect on our results of operations, business prospects and financial condition. A decline in Governmental support and funding for programs in which we or our customers participate could result in contract terminations, delays in contract rewards, the failure to exercise contract options, renewals of existing contracts at lower prices, the cancellation of planned procurements and fewer new business opportunities, any of which could result in a material adverse effect on our results of operations, business prospects and financial condition. Furthermore,

contracts with any Government, including the Canadian or United States Government, may be terminated or suspended by the Government at any time, with or without cause. There can be no assurance that any contract with the Government of any country will not be terminated or suspended in the future. Although we attempt to ensure that Government contracts have, as standard provisions, termination for convenience language which reimburses the contractor for reasonable costs incurred, subcontractor and employee termination and wind-down costs plus a reasonable amount of profit thereon, the payments are not assured and may not be sufficient to fully compensate us for any early termination of a contract, which may impact our results of our operations and financial condition.

The majority of the areas in which we operate are subject to significant regulation. These regulations are subject to change. A failure by us to keep current and compliant with these changes could result in sanctions or financial penalties that may have a material adverse effect on our results of operations, or limit our ability to operate in a specific market.

The operation of certain systems, such as satellites or other devices, which are or will be operated by us, require us to obtain regulatory approvals, such as those relating to licences and communication frequencies. In certain circumstances third parties may be required to obtain such approvals or licences. There can be no assurance that the approvals or licences will be obtained by either us or third parties on a timely basis or retained for continuous operations. A failure to obtain approvals or licences could affect our results of operations and financial condition.

Current and future global financial markets have been and may continue to be volatile and may negatively affect us, our counterparties and our customers.

Current and future global financial markets have been and may continue to be subject to increased volatility. Access to financing has been negatively impacted in Canada, the United States and elsewhere. As such, we are subject to counter-party risk and liquidity risk. We are exposed to various counter-party risks including, but not limited to: (i) risks relating to financial institutions that hold our cash; (ii) risks relating to companies or Governments that have payables to us or to whom we have made prepaid expenditures; and (iii) risks relating to our insurance providers.

The current state of the global financial markets may negatively impact our ability to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to us. If levels of volatility are increased or there is market turmoil, our planned growth could be adversely impacted and the trading price of our securities could be adversely affected.

Customers may reduce or postpone expenditures in view of the uncertainty of the global credit and financial markets and the limitations on available credit. Additional impacts of prevailing global financial conditions may include the inability of key suppliers to remain solvent and/or to obtain sufficient financing for the development and manufacture of the satellites, earth stations and other technological requirements.

We may have difficult accessing additional capital on reasonable financial terms, or at all.

Implementation of our business strategy requires the outlay of additional capital. As we pursue our business strategies and seek to respond to developments in our business and opportunities, either organic or via potential strategic acquisitions, and trends in the industry, our actual capital expenditures may differ from those that we expect. Moreover, implementation of our business strategies could result in potentially dilutive issuances of equity securities, significant expenditures of cash, the incurrence of debt and contingent liabilities or an increase in amortization expenses. There can be no assurance that we will be able to satisfy our capital requirements in the future. In addition, if one of our satellites failed unexpectedly, there is no assurance of insurance recovery or the timing thereof and we may need to obtain additional financing to replace the satellite. The availability and cost to us of external financing depends on a number of factors, including our credit rating (if any) and financial performance and general market conditions. Declines in our expected future revenues under contracts with customers and challenging business conditions faced by our customers are among the other factors that may adversely affect our credit. The overall impact on our financial condition of any transaction that we pursue may be negative or may be negatively perceived by the financial markets and ratings agencies and may result in adverse rating agency actions with respect to our credit rating (if any). Deterioration in our financial performance could limit our ability to obtain financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available.

We may suffer as a result of software errors, bugs or other vulnerabilities.

Our products incorporate software and algorithms that are highly technical and complex. They have contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities. Some errors in these technologies may only be

discovered after release and could result in damage to our reputation, loss of customers, loss of users, loss of revenue, or liability for damages, any of which could have a material adverse effect on our results of operations, business prospects and financial condition.

We may be subject to an attack on, or failure of, our technical infrastructure.

Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, and availability of our products and technical infrastructure to the satisfaction of our customers and users may harm our reputation and ability to retain existing customers and attract new customers. We have security measures in place to protect our infrastructure from break-ins by hackers, and are continually upgrading such security measures, but no system is entirely secure, and accordingly this risk must be acknowledged. Computer viruses or break-ins by hackers could negatively affect us in several ways, including theft, compromise and/or misuse of proprietary collected historical or future data, technical information or customer information, interruptions in service to customers and business partners.

Our business is dependent on the Internet.

Our ability to create our products and deliver them to customers depends in part on the use of the Internet. Usage of the Internet may be inhibited for a number of reasons. The Internet infrastructure may not be able to support the demands placed on it by continued growth and may lose its viability due to delays in the development or adoption of new equipment, standards and protocols to handle increased levels of Internet activity, security, reliability, cost, ease- of-use, accessibility and quality of service. Federal, state, provincial, local or foreign Governments may adopt laws or regulations limiting the use of the Internet. Any disruptions in our usage of the Internet could result in a material adverse effect on our results of operations, business prospects and financial condition.

We are party to agreements that provide for indemnifications and guarantees.

In the normal course of business, we enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving sales of assets, sales of services, purchases and development of assets and operating leases. The nature of almost all of these indemnifications prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay counterparties. If these payments were to become significant, future liquidity, capital resources and our credit risk profile may be adversely affected.

In the future, we may pursue acquisitions, dispositions and strategic transactions, which may include joint ventures and strategic relations, as well as business combinations or the acquisition or disposition of assets.

Acquisitions, dispositions and strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business, (ii) distraction of management, (iii) we may become more financially leveraged, (iv) the anticipated benefits and costs savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of our operations, and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction.

We may not be able to properly manage our growth.

Failure to manage our growth successfully may adversely impact our operating results. Our ability to manage growth will require us to continue to build our operational, financial and management controls, human resource policies, and reporting systems and procedures. Our ability to manage our growth will also depend in large part upon a number of factors, including our ability to rapidly: (i) expand our internal and operational and financial controls significantly so that we can maintain control over operations; (ii) attract and retain qualified technical personnel in order to continue to develop reliable and flexible products that respond to evolving customer needs; (iii) build a sales team to keep customers informed regarding the technical features issues and key selling points of our products, and (iv) obtain adequate capital required to fund our growth plans. We must also successfully implement our sales and marketing strategy, respond to competitive developments, and further commercialise our products.

Failure to effectively manage the expansion of our product portfolio in a cost-effective manner could result in declines in product and service quality and customer satisfaction, disruption of our operations, or increased costs, which would reduce our ability to expand our margins as we expect. We currently face a variety of challenges, including maintaining the infrastructure and systems necessary for us to manage the growth of our business. As our product portfolio continues to expand, the responsibilities of our management team and other company resources also grow. Consequently, we may further strain our management and other company resources with the increased complexities and administrative burdens associated with a larger, more complex product portfolio.

We cannot assure an investor that we have made or will make adequate allowances for the costs and risks associated with the expansion of our business, that our systems and procedures or controls will be adequate to support our operations, or that we will be able to successfully offer and expand our suite of products. We cannot assure an investor that we will be able to manage our growth or shifts in our business revenues effectively. An inability to achieve any of these objectives could harm our business, financial condition and results of operations.

We will need to gain an increasing share of a growing market in order to successfully execute on our business plan.

We are not able to predict with full certainty the total size of the addressable market and what portion of that market we will ultimately capture. Pricing levels, competitor behaviour and customer adoption rates will ultimately determine the success of our business plan.

We rely on a number of key employees, including members of our management and certain other employees possessing unique experience in scientific, technical and commercial aspects of the satellite and data aggregation and analysis business.

If we are unable to retain our key employees, it could be difficult to replace them. In addition, our business, with its constant technological developments, must continue to attract highly qualified and technically skilled employees. The available talent pool of individuals with relevant experience in the satellite, Big Data and geospatial industries is limited, and the process of identifying and recruiting personnel with the skills necessary to operate our system can be costly. New employees generally require substantial training, which requires significant resources and management attention. Even if we invest significant resources to recruit, train and retain qualified personnel, we may not be successful in our efforts. In the future, our inability to retain or replace these employees, or our inability to attract new highly qualified employees, could have a material adverse effect on our results of operations, business prospects and financial condition.

We face certain risks due to our global operations.

We have global operations and as a result, changes in domestic and foreign governmental regulations and licensing requirements, deterioration of relations between Canada and a particular foreign country, increases in tariffs and taxes and other trade barriers, austerity programs or similar significant budget reduction programs, civil unrest or wars or economic or political or social instability in the areas that we provide our services may result in us being unable to perform our contracts or otherwise successfully operate. We may also encounter difficulties in enforcing our contracts for payment for services in certain countries due to the legal systems in place in such countries. Our international operations also expose us to exchange controls and foreign currency exchange risks. These risks could impact our revenues. In addition, certain countries may impose withholding taxes on us or on our customers. These taxes can make the services more expensive or impose an unanticipated tax burden on us.

We are exposed to foreign exchange risk as a result of transactions in currencies other than our functional currency, the Canadian dollar.

The majority of our revenue is transacted in Canadian dollars; however portions of the revenue are denominated in Pounds sterling and Euros. Purchases, consisting primarily of the majority of salaries, certain operating costs, and manufacturing overhead, are incurred primarily in Canadian dollars. Our foreign operations are conducted through our Subsidiary. The assets and liabilities of the foreign operations are translated into Canadian dollars using the exchange rates in effect at the dates of the consolidated statements of financial position. Foreign currency risks arising from translation of assets and liabilities of foreign operations into our functional currency are generally not hedged.

We are subject to interest rate risk, primarily with respect to new financings that we may undertake.

Our risk exposure to market interest rates relates primarily to new financing that we may undertake following the conversion of our indebtedness owing to our Principal Shareholders as described under the section of this Appendix "E" titled "Financing Transactions". Our policy will be to review our borrowing requirements on a continual basis and to enter into fixed or variable interest rate borrowing arrangements as required.

We are exposed to credit risk from the potential default by counterparties that carry our cash and cash equivalents.

We attempt to mitigate our credit risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions that we transact with meet these qualifications; however there can be no guarantee as to the solvency or reliability of such counterparties.

Credit risk also arises from the inability of customers to discharge their obligation to us. If one or more customers were to delay, reduce or cancel Order Bookings, our overall Order Bookings may fluctuate and could adversely affect our operations and financial conditions. In the normal course of business, we monitor the financial condition of our customers and review the credit history of each new customer.

Liquidity risk is our ability to meet our financial obligations when they come due.

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of our financial assets (e.g., accounts receivable, other financial assets), liabilities (e.g., payables, loans), and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through borrowing facilities available through our bank and purchase contracts. Our policy is to ensure adequate funding is available from operations, established lending facilities and other sources are required. An inability to properly manage our liquidity risk could have a material adverse effect on our results of operations, business prospects and financial condition.

Our revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. In addition, our operating results may not follow any past trends.

The factors affecting our revenue and results, some of which are outside of our control, include: (i) competitive conditions in the industry, including strategic initiatives by us or our competitors, new products or services, product or service announcements and changes in pricing policy by us or our competitors, (ii) our ability to maintain existing relationships and to create new relationships with customers, (iii) the length and variability of the sales cycles for our products, (iv) strategic decisions by us or our competitors or our prospective competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in our business strategy, (v) general weakening of the economy, or demand for maritime data, resulting in a decrease in the overall demand for our products and/or (vi) timing of product development and new product initiatives.

We may not achieve our Target Annual Operating Model

The target annual operating model contained in this Appendix "E" speaks to our objectives only, and is not a forecast, projection or prediction of future results of operations. The model is forward-looking over the medium-term and long-term and is subject to change and adjustment to respond to changing economic, business and financial conditions and other developments, including developments that we cannot currently predict such as the launch dates of our remaining satellites in the First Generation Constellation. There can be no assurance that we will achieve our target operating model in any respect in any period, and if we do achieve it, such achievement may not be sustained. Failure to achieve our target operating could have a material adverse effect on our business, financial condition, results of operations and the trading price of our securities. See "Forward-Looking Statements".

We will be subject to taxes in Canada and certain foreign jurisdictions.

Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by applicable tax authorities and Governmental bodies. We intend to regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were

to increase, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, this could have a material adverse effect on our results of operations, business prospects and financial condition.

We will be required to make accounting estimates and judgments in the ordinary course of business.

Such accounting estimates and judgments will affect the reported amounts of our assets and liabilities at the date of our financial statements and reports and the reported amounts of our operating results during the periods presented. Additionally, we will be required to interpret the accounting rules in existence as of the date of the financial statements and reports when the accounting rules are not specific to a particular event or transaction. If the underlying estimates are ultimately proven to be incorrect, or if auditors or regulators subsequently interpret our application of accounting rules differently, subsequent adjustments could have a material adverse effect on our operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require us to restate our financial statements or reports. A restatement of our financial statements or reports could result in a material change in the price of the Common Shares.

We are subject to litigation risk as part of our business.

Our business is subject to the risk of litigation by employees, customers, suppliers, competitors, shareholders, Government agencies (including but not limited to antitrust regulators), or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation could have a material adverse effect on our results of operations, business prospects and financial condition.

There are myriad laws and regulations regarding personal privacy rights and inadvertent disclosures of this information could subject us to legal or civil penalties.

We transmit, and in some cases store, end user data, including personal information. In jurisdictions around the world, the transmission and storage of personal information is becoming increasingly subject to legislation and regulations intended to protect consumers' privacy and security. The interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions is unclear and evolving. These laws may be interpreted, applied and enforced in conflicting ways from country to country and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Because our services are accessible in many foreign jurisdictions, some of these jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees or infrastructure. We could face a variety of enforcement actions or government inquiries or be forced to incur significant expenses if we were required to modify our products, our services or our existing security and privacy procedures in order to comply with new or expanded regulations.

In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed appropriately or in accordance with our privacy policies or applicable laws, we could have liability to them, including claims and litigation resulting from such allegations. Any failure on our part to protect end users' privacy and data could result in a loss of user confidence, hurt our reputation and ultimately result in the loss of users.

As an operator of a global satellite system, we are regulated, to varying extents, by Government authorities in Canada and other countries in which we operate and the ITU.

As an operator of a global satellite system, we are regulated by Government authorities in Canada, the United States and other countries in which we operate as well as by the ITU. We have partners (e.g.: resellers and agents) and goods and services suppliers (e.g.: owners and operators of ground stations outside of Canada) in other jurisdictions which are regulated by those foreign authorities and have sole responsibility for maintaining compliance with foreign law. We are subject to various laws and regulations governing our business, employment standards, taxes and other matters. It is possible that future changes in applicable federal, provincial or common laws or regulations or the ITU regulations or foreign laws applicable to

our partners referenced herein or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect) or our partners and suppliers. Any changes in the laws to which we or our partners and suppliers are subject could materially adversely affect our results of operations, business prospects and financial condition. It is impossible to predict whether there will be any future changes in the regulatory regimes to which we will be subject or the effect of any such change. See "Regulatory Overview."

Many of our most important customers are Governments of sovereign nations or departments or agencies thereof, some of whom use our products and services for purposes of national defense. Some of these customers may require that we or our partners and suppliers not distribute our data, or portions thereof, that they consider to be important to their national security interests. Any such requirements may materially adversely affect our results of operations, business prospects and financial condition.

Satellites are highly regulated and policies could change which would affect the launch and operation of the satellites in our First Generation Constellation and our Second Generation Constellation. The next three satellites that contain our payload will likely be launched out of Russia and India and due to policy stances by Canada or other countries, these launches could be delayed or even cancelled resulting in a delay in the planned capacity of our system.

The IMO established AIS as a global mandate for open over the air transmission of messages between ships to facilitate collision avoidance and for SOLAS. Our service takes advantage of this global mandate by detecting the same signals from space. The IMO could change the mandate in such a way that detecting the signals from space or extracting useful information from the signals is no longer possible. Such a change would render our service inoperable.

Satellites, satellite payload systems, ground control stations, communications networks and related components, software and technology that we use in our business are subject to the export control laws and regulations of Canada, the United States and other governments. Under these regulations, we may be required to obtain government authorizations to export or re-export these controlled items to our business partners and customers. Similarly, our suppliers may be required to obtain government authorizations to provide certain items to us that are required for the operation of our business. There is a risk that we could be subject to material fines, penalties and other sanctions if we fail to comply with these export control regulations or the terms of the export authorizations issued thereunder.

We are certified by the Controlled Goods Directorate of the Canadian Government (PWGSC) in compliance with the CDPA and the Controlled Goods Regulations. Our employees are subject to security assessment prior to hire, and must be certified and trained to adhere to these Regulations when possessing, examining or transferring goods, technology and documentation designated as controlled under the CDPA and the Controlled Goods Regulations. Failure to comply could be classified as a breach in security and result in cancellation of our Controlled Goods Certificate, and the payment of fines and/or risk of imprisonment under penalties imposed by the CDPA.

If we or our suppliers fail to obtain or maintain particular authorizations or any of the required licenses on acceptable terms, or to have successful and timely launch of new satellites in our First Generation Constellation or Second Generation Constellation, such failure could delay or prevent us from offering some or all of our services and adversely affect our results of operations, business prospects and financial condition. See "Regulatory Overview". In particular, we or our suppliers may not be able to obtain all of the required regulatory authorizations for the construction, launch and operation of any of our future satellites or export of controlled goods. Even if we are able to obtain the necessary authorizations, licenses and orbital placement, the licenses we obtain may impose significant operational restrictions, or not protect us from interference that could affect the use of our satellites. Countries or their regulatory authorities or the ITU may adopt new laws, policies or regulations, or change their interpretation of existing laws, policies or regulations, that could cause our existing authorizations and frequency allocations we rely on for use of the satellites to be changed or cancelled, require us to incur additional costs, impose or change existing price ceilings, or otherwise adversely affect our operations or revenues. As a result, any currently held regulatory authorizations and licenses are subject to rescission and renewal and may not remain sufficient or additional authorizations may be necessary that we may not be able to obtain on a timely basis or on terms that are not unduly burdensome. While management does not anticipate any issues with respect to the timely renewal of our licenses, or approval of applications made in connection with the Spinout Transaction, there is no guarantee that such licenses will be renewed or approvals granted. Further, because the regulatory schemes vary by country, we may be subject to regulations in foreign countries of which we are not presently aware that we are not in compliance with, and as a result could be subject to sanctions by a foreign Government.

These same regulatory risks are applicable to the satellites that we do not own or operate, such as the Iridium NEXT satellites, and that are or will be a part of the First Generation Constellation or Second Generation Constellation.

Our satellites may collide with space debris or another spacecraft, which could adversely affect the performance of our constellations.

Although our satellites, including those we own or operate and those owned or operated by third parties, have some ability to actively maneuver to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects. Additionally, some space debris is too small to be tracked and therefore its orbital location is completely unknown; nevertheless, this debris is still large enough to potentially cause severe damage or a failure of our satellites should a collision occur. If our constellations experience satellite collisions with space debris or other spacecraft, our service could be impaired.

Provisions of Canadian law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

The *Investment Canada Act* (Canada) subjects an acquisition of control of us by a non-Canadian entity to government review if the value of our assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant Minister is satisfied that the investment is likely to be of net benefit to Canada. This could prevent or delay a change of control and may eliminate or limit strategic opportunities for shareholders to sell their Common Shares.

We are subject to Canadian and UK sanctions laws when we directly provide our goods and services to customers.

We and our UK subsidiary provide goods and services to commercial and government parties around the world. Canada and the UK maintain various laws and regulations proscribing the transfer of goods and services to certain countries, governments and government agencies and agents and designated persons. Through internal due diligence prior to directly providing goods and services to customers, we are able to limit our liability under Canadian and UK sanctions law. However, there remains inherent risk that these customers or their board of directors, executives, employees are subject to Canadian or UK sanctions and these customers transfer our goods and services to such places or persons. Compliance with these Canadian sanctions and other proscribed entity lists is a condition of the RSSSA provisional approval. Although the risk is minimal and we are not aware of any violations to date, there is legal and business risk regarding the provision of goods and services to customers outside of Canada and the UK.

We rely on resellers, agents and suppliers in other jurisdictions to obtain and abide by laws of foreign jurisdictions.

Our First and Second Generations rely on services being provided to us by non-Canadian third parties, such as resellers or manufacturers as well as Harris, which are located in other jurisdictions such as the US and Norway. In some cases, these third parties are in possession of goods (including hardware and software), whether received from us, which would be considered controlled under Canadian and other laws and thus require export permits and controlled goods permits or the equivalent in those jurisdictions. We rely on these third parties to be knowledgeable of, make applications for, obtain and maintain the necessary authorizations of any applicable jurisdiction to possess and distribute or export these goods to other third parties in various jurisdictions. We also rely on these third parties to be knowledgeable of, and abide by the laws of any applicable jurisdiction regarding sanctions on countries or persons. Additionally, these third parties may be making authorized or unauthorized representations relating to us to other third parties and we rely on our third party suppliers to ensure compliance with all applicable laws regarding anti bribery and corruption. Through our agreements with third parties and through internal due diligence prior to dealing with a third party, we are able to limit our liability under foreign law for the responsibilities of these third parties. However, there remains inherent risk that these laws and regulations of foreign jurisdictions could inhibit the ability of third parties to supply us with goods to support our operations, which could negatively impact our business. In addition, these third parties with whom we deal directly or indirectly may be non-compliant and that such noncompliance poses serious legal or business risk to us.

We may not pay dividends.

We have not paid dividends to the holders of our Common Shares to date. Dividends may be paid if and when operational and financial circumstances permit, however there should be no expectations on the part of holders of Common Shares that dividends will be paid thereon.

Given our international business, there is a risk that our employees, consultants or agents could violate anti-bribery and corruption laws

Anti-bribery and corruption laws in effect in many countries, including Canada and the United States, prohibit

companies and their intermediaries from making improper payments to foreign public officials for the purpose of obtaining new business or maintaining existing business relationships. Certain anti-bribery and corruption laws such as Canada's Corruption of Foreign Public Officials Act ("**CFPOA")** and the U.S. Foreign Corrupt Practices Act (the "FCPA") also require the maintenance of proper books and records, and the implementation of controls and procedures in order to ensure that a company's operations do not involve bribes or corrupt payments. Since we conduct operations throughout the world, and given that some of our clients are government owned entities and that our projects and contracts often require approvals from foreign public officials, there is a risk that our employees, consultants or agents may take actions that are in violation of our Group's policies and of anti-bribery and corruption laws, which could result in the imposition of material fines, penalties and other sanctions against the Company.

Cybersecurity

We face a variety of risks from cyber-attacks and intrusions. These attacks may take the form of malware, computer viruses, cyber threats, cyber extortion, and other types of security and data breaches and may arise from inside and outside of our organization. The attacks may cause significant disruption of our IT networks or related systems, which are critical to the operation of our business and may be critical or essential to the operations of our customers. The risk of our experiencing a cybersecurity incident has increased as the number, intensity, and sophistication of attempted attacks and intrusions have increased globally. Some of our systems manage and protect confidential information, including personally identifiable information, protected health information, and information relating to national security and other sensitive government functions. We face heightened risks of security breaches of systems maintaining and protecting such information. Although we make significant efforts to maintain the security and integrity of our IT networks and related systems, including by implementing various measures to manage the risks of security breaches or network disruptions, there can be no assurance that our security efforts and measures will be able to stave off all cyber threats. We may be unable to anticipate evolving techniques or to implement adequate security barriers or other preventative measures to protect against a constantly shifting cybersecurity threat landscape; thus, it is virtually impossible for us to entirely mitigate this risk. A significant cybersecurity incident could result in the following:

- A disruption of the proper functioning of our IT networks and related systems;
- A disruption of our business operations and/or the operations of our customers;
- Unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or our customers, including trade secrets, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- A compromise of national security and other sensitive government functions;
- An expenditure of significant resources in remedying the damages that result;
- Claims against us for breach of contract, damages, credits, penalties or termination;
- Inquiries, investigations, or litigation on brought by government regulatory agencies; and
- Damage to our reputation with our customers (particularly government agencies) and the public generally.

Any or all of the above could negatively impact our business, financial conditions, operations, and cash flows.

Risk Factors Related to the Spinout Transaction

Interest of Significant Shareholders

At the Effective Time Hisdesat will hold 26.88% of the issued and outstanding Common Shares, and COM DEV will hold no Common Shares. As a result, Hisdesat will have a significant influence over our management and affairs for the foreseeable future. We will have a board of directors comprised of seven members with two directors initially nominated by Hisdesat. See "Relationships with our Principal Shareholders"

Circumstances may occur in which the interests of Hisdesat could be in conflict with the interests of other holders of the Common Shares. In addition Hisdesat may have an interest in pursuing acquisitions, divestitures or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to the other holders of the Common Shares if the transactions resulted in us being more leveraged or significantly changed the nature of our business operations or strategy.

Hisdesat is an entity controlled, directly and indirectly by a number of private and public sector organisations, including by a foreign government, and the broader government policy and laws and regulations, as well as prevailing economic factors in that jurisdiction may substantially influence whether it continues to hold shares in the Company or the

manner in which it votes such shares. There is no assurance that the interests of Hidesat will always be aligned with our interests and those of our other shareholders.

No Assurance of Listing of Common Shares

The Common Shares are not currently listed on any stock exchange. Listing of the Common Shares on the TSX or on any other designated exchange is not a condition to the completion of the Arrangement. Until the Common Shares are listed on a stock exchange, exactEarth shareholders may not be able to sell their Common Shares. Even if a listing is obtained, ownership of Common Shares will entail a high degree of risk and there may be very limited liquidity for the Common Shares.

Indemnified Liability Risk

The BSA will contain provisions pursuant to the Company will: (a) guarantee the performance of all actions, agreements and obligations set forth in the BSA to be performed by any member of the Company and its group; and (b) indemnify COM DEV in respect of (i) any misrepresentation or breach of any warranty, (ii) any proceeding based on any alleged or actual misrepresentation in any information included in this Appendix "E" or other filings relating to Company and (iii) failure to observe or perform any covenant contained in the BSA. In addition, at or prior to the Effective Time the Company will execute the Undertaking, Indemnity and Consent Agreement, indemnifying the Principal Shareholders in respect of certain guarantees they have given in respect of our contractual obligations, and the Facilities Lease and the Ground Station Lease, indemnifying COM DEV for certain losses and claims. Any requirement to indemnify COM DEV or Hisdesat under these agreements could have a material adverse effect on our prospects, business, financial condition and results of operations.

Our Common Shares are subject to potential significant price volatility.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations, (ii) recommendations by securities research analysts, (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to us, (iv) addition or departure of our executive officers and other key personnel, (v) release or expiration of lock-up or other transfer restrictions on Common Shares, (vi) sales or perceived sales of Common Shares, (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors, and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if our operating results or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Common Shares may be materially adversely effected.

The issuance of additional Common Shares or other of our securities may have a dilutive effect on the interests of shareholders.

The number of Common Shares that we are authorized to issue is unlimited. We may, in our sole discretion, issue additional Common Shares (including pursuant to any equity-based compensation plans that may be introduced in the future) from time to time, or other securities, and the interests of Shareholders may be diluted thereby.

There is an absence of a prior public market for the Common Shares.

The Common Shares do not currently trade on any stock exchange or market. An active and liquid market for the Common Shares may not develop following completion of the Arrangement or, if developed, may not be maintained. We

cannot predict the price at which the Common Shares will trade following the Effective Date. If an active public market does not develop or is not maintained, investors may have difficulty selling their Common Shares at any given time at a price that the investor may consider reasonable. The lack of an active market may also reduce the fair market value and increase the volatility of the Common Shares and may impair exactEarth's ability to raise capital by selling Common Shares.

Following the Effective Time, we will have more onerous financial reporting and other public company requirements to meet.

Upon consummation of the Spinout Transaction we will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares may become listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources. We have financial controls in place, however we may need to, among other things, establish or bolster our existing accounting systems, implement other financial and management controls, reporting systems and procedures and hire qualified accounting and finance staff. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in its financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

We will face additional regulatory burdens as a public company.

Prior to the Effective Time, we have not been subject to the continuous and timely disclosure requirements of Canadian securities laws or rules and policies of the TSX. As a result of becoming a public company, we will incur significant legal, accounting, insurance and other expenses which may negatively impact our performance and could cause our results of operations and financial condition to suffer. We expect that compliance with applicable securities laws and rules of the TSX will substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly.

We are subject to numerous tax and accounting rules that may change.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results or the manner in which we conduct our business. We have issued financial statements for the year ended October 31, 2014 in accordance with IFRS as issued by the International Accounting Standards Board.

In the future, the geographic scope of our business may expand, and such expansion will require us to comply with the tax laws and regulations of multiple jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we were to inadvertently fail to comply. In the event we were to inadvertently fail to comply with applicable tax laws, this could have a material adverse effect on our business, results of operations, and financial condition.

LEGAL MATTERS

Our management is not aware of any existing or contemplated legal proceedings material to us to which we are a party or to which our property is subject.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To our knowledge, no director, executive officer or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction within the three years prior to the date of this Circular, or any proposed transaction, that has materially affected or is reasonably expected to materially affect us or our Subsidiary.

Nominating Agreement

As described in "Relationships with our Principal Shareholders", at the Effective Time, the Company will enter into the Nominating Agreements with Hisdesat. The Nominating Agreement provides that so long as Hisdesat has a 20% or greater ownership interest in the Company, the Company will include two of Hisdesat's nominees for director at the Company's annual meeting, and for so long as a Hisdesat has a 10 to 19.99% ownership interest in the Company, the Company will include one nominee of Hisdesat for election as director at the Company's annual meeting.

EXPERTS

Our annual consolidated financial statements as of October 31, 2014 and 2013 and for each of the three years in the period ended October 31, 2014 included in this Appendix "E" have been audited by Ernst & Young LLP, an independent registered public accounting firm.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, located at 515 Riverbend Dr., Kitchener, Ontario, Canada N2K 3S3, is the auditor of the Company and has confirmed that it is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario).

The transfer agent and registrar for the Common Shares will be Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into during the two years before the date of this Circular or to which we are or will become a party on or prior to the Effective Time:

- the Nominating Agreement, which is described under the section of this Appendix "E" titled "Relationships with our Principal Shareholders"; and
- the BSA, which is described under the section of this Appendix "E" titled "Relationships with our Principal Shareholders".

Copies of the above material contracts, if not already entered into then once executed, may be inspected during ordinary office business hours at our principal executive offices located at 60 Struck Court, Cambridge, Ontario, N1R 8L2 and under our profile on the SEDAR website at www.sedar.com.

PROMOTER

COM DEV, one of the Principal Shareholders, may be considered a promoter of the Company within the meaning of applicable securities legislation. As of the date of this Circular, COM DEV, as our majority shareholder, holds 73% of the

10,000,000 Class A Common Shares and 1,111,111 Class B Common Shares were issued and outstanding. Following the Capital Reorganization and Financing Transactions but prior to the Effective Time, COM DEV will hold 72.66% of the Common Shares of the Company.

MANDATE OF THE BOARD OF DIRECTORS

EXACTEARTH LTD.
(the "Corporation")
MANDATE OF THE DIRECTORS

I. PURPOSE

The Board of Directors (the "**Board**") of exactEarth Ltd. (the "**Corporation**") is responsible for providing oversight of the management of the business. The Board shall meet regularly to review the business operations, corporate governance and financial results of the Corporation. Each director has a responsibility to attend and participate in meetings of the Board. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

II. COMPOSITION

The Board shall be constituted at all times of a majority of independent directors as required by applicable securities laws. Where the Chair is not independent, the independent directors will select one of their number to be appointed lead director of the Board for such term as the independent directors may determine. If the Corporation has a non-executive, independent Chair, then the role of the lead director will be filled by the non-executive Chair. The lead director or non-executive Chair will chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated.

III. CHAIR OF THE BOARD

The chair of the Board (the "**Chair**") will be appointed by the Board, after considering the recommendation of the Corporate Governance and Nominating Committee, for such term as the Board may determine.

IV. RESPONSIBILITIES

The Board's mandate is the stewardship of the Corporation and its responsibilities include, without limitation to its general mandate, the following specific responsibilities:

1. Assignment to the committees of directors certain areas of responsibility as follows:

   (a) ***Corporate Governance and Nominating Committee*** — developing the Corporation's approach to corporate governance of directors and related issues, and searching for and proposing new nominees to the Board;

   (b) ***Audit Committee*** — developing the Corporation's approach to financial reporting and internal controls; and

   (c) ***Human Resources and Compensation Committee*** — developing the Corporation's approach to issues relating to compensation generally, and to the compensation of the executive officers.

2. With the assistance of the Corporate Governance and Nominating Committee:

   (a) Reviewing the composition of the Board and ensuring that it respects its independence criteria;

   (b) Assessment, at least annually, of the effectiveness of the Board (including, without limitation, consideration of the appropriate size of the Board) as a whole, the committees of the Board and the contributions of individual directors;

   (c) Reviewing the recommendations of the Corporate Governance and Nominating Committee regarding the compensation of the directors and other benefits conferred upon the directors;

   (d) Ensuring that an appropriate review selection process for new nominees to the Board is in place;

(e) Ensuring that an appropriate orientation and continuing education opportunities program for new members of the Board is in place;

(f) Approving disclosure and securities compliance policies, including communications policies of the Corporation;

(g) Adopting procedures that seek to ensure the Board receives feedback from security holders on material issues.

(h) Reviewing the quality of the Corporation's governance and approving changes to the Corporation's governance practices as appropriate.

3. With the assistance of the Audit Committee:

(a) Reviewing the integrity of the Corporation's internal controls and management information systems;

(b) Reviewing the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents; and

(c) Identification of the principal risks of the Corporation's business and ensuring that appropriate systems are in place to manage these risks.

4. With the assistance of the Human Resources and Compensation Committee:

(a) Approving all aspects of the Chief Executive Officer's (the "**CEO**") compensation and benefits, including the approval of the goals and objectives of the CEO and of the Corporation, and the review of the results of the evaluation of his/her performance in light of those goals and objectives;

(b) Approving the structure of the compensation of the executives who report directly to the CEO, including the approval of the objectives and goals of the Corporation relevant to the compensation of such executive officers;

(c) Succession planning (including appointing, training and mentoring senior management); and

(d) Approval the approach of the Corporation to compensation, generally.

5. The selection, appointment, monitoring, evaluation and, if necessary, the replacement of the CEO, and, on the recommendation of the CEO, the selection and appointment and, if necessary, the replacement of the other executive officers.

6. Approval of the annual strategic plan which takes into account, among other things, the opportunities and risks of the business, and monitoring performance against such plan. Approval of all actions, plans and decisions requiring Board approval as set out in the Corporation's policies and procedures, and, with the assistance of the Corporate Governance and Nominating Committee, the annual review of the delegation of decision-making authority through the Corporation and its subsidiaries.

7. Performing such other functions as prescribed by law or assigned to the Board in the Corporation's constating documents and by-laws.

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces. In addition, separate, regularly scheduled meetings of the independent directors of the Board will be held at which members of management are not present.

The Board will delegate responsibility for the day-to-day management of the Corporation's business and affairs to the Corporation's senior officers and will supervise such senior officers appropriately.

The Board will communicate its expectations of management through various established practices including, but not limited to, the review and approval of the Corporation's annual business plan and operating budget, the objectives of the CEO, and corporate policies, including compliance with all applicable laws and regulations.

V. Corporate Social Responsibility, Ethics and Integrity

The Corporation has adopted a Code of Business Conduct and Ethics for which the Board monitors compliance. The Board will provide leadership to the Corporation in support of its commitment to corporate social responsibility, set the ethical tone for the Corporation and its management and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

VI. OTHER

On a yearly basis, the Board will review its Charter, and where appropriate will make changes.

CHARTER OF THE AUDIT COMMITTEE

EXACTEARTH LTD.
(the "Corporation")
AUDIT COMMITTEE CHARTER

A. PURPOSE

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of exactEarth Ltd. (the "**Corporation**") with the primary function to:

(a) assist the Board in fulfilling its responsibilities by reviewing:

(i) the financial reports provided by the Corporation to any governmental or regulatory body exercising authority over the Corporation (each a "**Regulatory Body**" and collectively, the "**Regulatory Bodies**"), the Corporation's shareholders or to the general public, and

(ii) the Corporation's risk management system, and internal financial and accounting controls;

(b) oversee the engagement of, and work performed by, any independent public accountants; and

(c) recommend, establish and monitor procedures including, without limitation, those relating to risk management and those designed to improve the quality and reliability of the disclosure of the Corporation's financial condition and results of operations.

B. COMPOSITION

The Committee shall be comprised of a minimum of three directors as appointed by the Board, each of whom will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Corporation's securities are listed, including National Instrument 52-110 — *Audit Committees*. In addition, each member of the Committee (a "**Member**") will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

The Members of the Committee shall be elected by the Board at the meeting of the Board following each annual meeting of the shareholders, and shall serve until their successors shall be duly elected and qualified or until their earlier death, resignation or removal. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

C. RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

Document Review

1. Assess the adequacy of this Charter periodically as conditions dictate, but at least annually (and update this Charter if and when as appropriate).

2. Review with representatives of management and representatives of the Corporation's independent accounting firm the Corporation's audited annual financial statements, Management's Discussion & Analysis document, and annual results press release, prior to their public disclosure. After such review and discussion, the Committee shall recommend to the Board whether such audited financial statements, and Management's Discussion & Analysis should be included in the Corporation's Annual Report. The Committee shall also review the Corporation's interim financial statements, Management's Discussion & Analysis document, and interim results press releases, prior to their public disclosure, and such other financial reports and public disclosures as may be required by any other Regulatory Body.

3. Take steps to ensure that the independent accounting firm reviews the Corporation's interim financial statements prior to their inclusion in the Corporation's interim reports and such other financial reports and filings as may be required by any other Regulatory Body.

4. At least annually, assess the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosures noted in (2) above.

5. Assess the performance of the Chief Financial Officer and provide recommendations to the Chief Executive Officer and Human Resources and Compensation Committee with respect to the award of any monetary bonus, if applicable, in accordance with the Incentive Program established by the Human Resources and Compensation Committee.

Independent Accounting Firm

1. Be directly responsible for the selection, compensation and oversight of any independent accounting firm engaged by the Corporation for the purpose of preparing or issuing an audit report or related work. The Committee shall have the ultimate authority and responsibility to select, evaluate and, when warranted, replace such independent accounting firm (or to recommend such replacement for stockholder approval in any proxy statement).

2. Resolve any disagreements between management and the independent accounting firm as to financial reporting matters.

3. Instruct the independent accounting firm that it should report directly to the Committee on matters pertaining to the work performed during its engagement and on matters required by the rules and regulations of any applicable Regulatory Body.

4. On an annual basis, receive from the independent accounting firm a formal written statement identifying all relationships between the independent accounting firm and the Corporation. The Committee shall actively engage in a dialogue with the independent accounting firm as to any disclosed relationships or services that may impact its independence. The Committee shall take appropriate action to oversee the independence of the independent accounting firm.

5. On an annual basis, discuss with representatives of the independent accounting firm the matters required to be discussed by the rules, regulations and guidelines governing the independent accounting firm.

6. Meet with the independent accounting firm prior to the audit to review the planning and staffing of the audit, and consider whether or not to approve the auditing services proposed to be provided.

7. Evaluate the performance of the independent accounting firm and consider the discharge of the independent accounting firm when circumstances warrant. The independent accounting firm shall be ultimately accountable to the Board and the Committee.

8. Consider in advance whether or not to approve any non-audit services to be performed by the independent accounting firm, which are required to be approved by the Committee pursuant to the rules and regulations of any applicable Regulatory Body. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre- approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

Financial Reporting Process

1. In consultation with the independent accounting firm and management, review annually the adequacy of the Corporation's internal financial and accounting controls.

2. Require the Corporation's chief executive officer and chief financial officer to submit, as required by applicable laws, and prior to the filing of the Annual Report or any interim reports, a report, dated no earlier than 10 days prior to the date of filing of the Annual Report or any interim reports, to the Committee

which evaluates the design and operation of the Corporation's internal financial and accounting controls, and which discloses (a) any significant deficiencies discovered in the design and operation of the internal controls which could adversely affect the Corporation's ability to record, process, summarize, and report financial data; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. The Committee shall direct the actions to be taken and/or make recommendations to the Board of actions to be taken, to the extent such report indicates the finding of any significant deficiencies in internal controls or fraud.

3. Regularly review the Corporation's critical accounting policies and accounting estimates resulting from the application of these policies, and inquire at least annually of both the Corporation's management and the independent accounting firm as to whether either has any concerns relative to the quality or aggressiveness of management's accounting policies.

Risk Management

1. On an annual basis, review the risk profile of the Corporation, including risk tolerances, processes, accountabilities and limits of authorities.

2. On an annual basis, review management's efforts to implement an effective risk management system that is capable of providing reliable information to the Board on significant risks facing the Corporation.

3. On a quarterly basis, review management's reports on major areas of risk facing the Corporation and management's risk treatment strategies.

4. On a quarterly and annual basis, review the Management's Discussion & Analysis and Annual Report to ensure it accurately reflects the risk profile of the Corporation.

5. Consult periodically with other Committees of the Board on risk management matters within their purview.

6. Encourage an open and risk-conscious environment where the Board and management actively promote and discuss areas relating to risk management.

Compliance

1. To the extent deemed necessary by the Committee, it shall have the authority to engage outside counsel, independent accounting consultants and/or other experts, in each case at the Corporation's expense, to review any matter under its responsibility.

2. Establish procedures for (a) receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) confidential, anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3. Investigate any allegations that any officer or director of the Corporation, or any other person acting under the direction of any such person, took any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Corporation for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board appropriate disciplinary action.

4. The Committee shall ensure that any options grants approved by the Board are issued at the grant date with the appropriate exercise price and the correct amount of options provided in total.

5. Review and approve hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Corporation.

6. The Committee has the authority to retain, at the Corporation's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without

prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

Reporting

1. Prepare, in accordance with the rules of any Regulatory Body, a written report of the Committee to be included in the Corporation's annual proxy statement for each annual meeting of shareholders.

2. Instruct the Corporation's management to disclose in its Annual Report and in any interim reports the approval by the Committee of any non-audit services performed by the independent accounting firm, and review the substance of any such disclosure.

Conflicts of Interest

1. Review all related party transactions involving executive officers and members of the Board and, as required by any Regulatory Body, consider approval of such transactions, or recommendation for approval to the Corporate Governance Committee of the Corporation.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

D. AUDIT COMMITTEE CHAIR

In addition to the responsibility and specific duties as an individual director, and any other applicable charter or position description, the chair ("**Chair**") of the Committee has the responsibility and specific duties described below.

Appointment

The Chair will be a duly elected member of the Board and be appointed by the Board as the Chair each year. The Chair will be independent as defined from time to time under applicable securities laws and will have the appropriate competencies and skills as determined by the Board.

Responsibility

The Chair provides independent, effective leadership to the Committee and leads the Committee in fulfilling the duties set out in its Charter.

Specific Duties

The Chair will:

1. Provide overall leadership to enhance the effectiveness of the Committee.

2. Take all reasonable steps to provide that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.

3. Foster ethical and responsible decision-making by the Committee and its individual members.

4. Provide effective Committee leadership, overseeing all aspects of the Committee's direction and administration in fulfilling the terms of its Charter.

5. With the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee.

6. With the Corporate Governance and Nominating Committee, ensure that the Committee's composition complies with applicable law.

7. Take all reasonable steps to provide that the Committee meets at least four times annually and as many additional times as necessary to carry out its duties effectively.

8. With the other Committee members, and members of management as appropriate, establish the agenda for each Committee meeting.

9. Chair all meetings of the Committee, including closed sessions and in-camera sessions. If the Committee Chair is not present at a meeting, the Committee members present will choose a Committee member to chair the meeting.

10. Take all reasonable steps to provide sufficient time during Committee meetings to fully discuss agenda items.

11. Encourage Committee members to ask questions and express viewpoints during meetings.

12. Deal effectively with dissent, and work constructively towards arriving at decisions and achieving consensus.

13. Take all reasonable steps to ensure that the Committee meets in separate, regularly scheduled, non-management, in-camera sessions.

14. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

15. Take all reasonable steps to provide that Committee materials are available to any director on request.

16. Facilitate effective communication between Committee members and management, both inside and outside of Committee meetings.

17. Have an effective working relationship with members of management.

18. Take all reasonable steps to ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently.

19. Carry out any other appropriate duties and responsibilities assigned by the Board or delegated by the Committee.

To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this position description is delegated to the secretary, who will report any amendments to the Corporate Governance and Nominating Committee at its next meeting.

Once or more annually, as the Corporate Governance and Nominating Committee decides, this position description will be fully evaluated and updates recommended to the Board for consideration.

INDEX TO FINANCIAL STATEMENTS

The following financial statements of exactEarth Ltd. are included in this Appendix "E":

INDEPENDENT AUDITORS' REPORT

To the Directors of
exactEarth Ltd.

We have audited the accompanying consolidated financial statements of **exactEarth Ltd.**, which comprise the consolidated statements of financial position as at October 31, 2014, and 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended October 31, 2014, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **exactEarth Ltd.** as at October 31, 2014 and 2013, and its financial performance and its cash flows for the years ended October 31, 2014, 2013 and 2012 in accordance with International Financial Reporting Standards.

/s/ Ernst & Young LLP

Kitchener, Canada,
June 22, 2015.

Chartered Professional Accountants
Licensed Public Accountants

exactEarth Ltd.

Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

		As at October 31, 2014	As at October 31, 2013
		$	$
ASSETS			
Current assets			
Cash		2,403	1,615
Trade accounts receivable		2,826	2,500
Unbilled revenue	(note 16)	1,845	375
Due from related parties	(note 15)	57	23
Prepaid expenses		529	444
Total current assets		7,660	4,957
Property, plant and equipment	(notes 5 and 13)	40,858	41,624
Intangible assets	(notes 6 and 13)	14,370	12,000
Total assets		62,888	58,581
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		5,342	2,489
Due to related parties	(note 15)	58	37
Deferred revenue	(note 16)	977	367
Current portion of government loan	(note 7)	198	—
Total current liabilities		6,575	2,893
Government loan	(note 7)	1,772	1,392
Due to related parties	(notes 7 and 15)	30,009	26,186
Long-term profit sharing plan liability	(note 14)	176	—
Total liabilities		38,532	30,471
Shareholders' equity			
Share capital		55,120	55,120
Contributed surplus	(note 9)	250	249
Accumulated other comprehensive loss		(62)	(12)
Deficit		(30,952)	(27,247)
Total shareholders' equity		24,356	28,110
Total liabilities and equity		62,888	58,581

On behalf of the Board:

See accompanying notes

exactEarth Ltd.

Consolidated Statements of Comprehensive Loss

For the Years Ended October 31
(in thousands of Canadian dollars)

		2014	2013	2012
		$	$	$
Revenue	(notes 13 and 16)	15,836	11,978	9,640
Cost of revenue		7,696	6,644	7,453
Gross margin		8,140	5,334	2,187
Operating expenses				
Research and development		54	138	190
Selling, general and administrative		5,426	4,410	4,504
Product development		928	650	710
Restructuring charges		—	96	365
Depreciation and amortization		4,737	4,151	2,222
Loss from operations		(3,005)	(4,111)	(5,804)
Other (income) expense				
Other income	(note 4)	(78)	(409)	—
Other expense	(note 11)	5	51	40
Foreign exchange loss		108	3	29
Interest expense		665	357	60
Total other expense		700	2	129
Loss before income taxes		(3,705)	(4,113)	(5,933)
Income tax expense	(note 12)	—	—	—
Net loss		(3,705)	(4,113)	(5,933)
Other comprehensive loss				
Foreign currency translation adjustments		(50)	(12)	—
Total other comprehensive loss		(50)	(12)	—
Comprehensive loss		(3,755)	(4,125)	(5,933)
Loss per share				
Basic and diluted loss per share	(note 9)	(0.33)	(0.37)	(0.53)

See accompanying notes

exactEarth Ltd.

Consolidated Statements of Cash Flows

For the Years Ended October 31
(in thousands of Canadian dollars)

	2014	2013	2012
	$	$	$
Net Loss	(3,705)	(4,113)	(5,933)
Add (deduct) items not involving cash			
Imputed interest on government loan	134	46	—
Operating grant recognized on government loan	(79)	(409)	—
Amortization of issue costs	—	51	18
Depreciation and amortization	4,737	4,151	2,222
Foreign exchange loss (gain) on revaluation of US dollar shareholder loan	120	61	(47)
Stock-based compensation and long-term incentive plan expense	2	32	71
Settlement of long-term incentive plans	(1)	(23)	(93)
Loss on disposal of assets	—	(41)	—
Long-term profit sharing plan liability	176	—	—
Change in non-cash working capital balances	2,508	364	2,141
Cash generated from (used in) operations	3,892	119	(1,621)
Investing activities			
Acquisition of property, plant, and equipment	(2,412)	(3,182)	(7,233)
Acquisition of intangible assets	(3,518)	(2,729)	(924)
Cash used in investing activities	(5,930)	(5,911)	(8,157)
Financing activities			
Government loan advances	583	1,879	—
Issue costs	—	—	(69)
Shareholder loans	2,250	4,000	4,000
Cash flows generated from financing activities	2,833	5,879	3,931
Effect of exchange rate changes on cash	(7)	24	2
Net increase (decrease) in cash	788	111	(5,845)
Cash, beginning of the year	1,615	1,504	7,349
Cash, end of the year	2,403	1,615	1,504
Supplemental cash flow information			
Interest paid	802	438	106
Interest received	18	18	46
Taxes paid	—	—	—

See accompanying notes

exactEarth Ltd.

Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars)

For the Year Ended October 31, 2014	Total	Deficit	Accumulated Other Comprehensive Loss	Share Capital	Contributed Surplus
	$	$	$	$	$
Balance October 31, 2013	28,110	(27,247)	(12)	55,120	249
Expense recognized for stock-based compensation and long-term incentive plans	2	—	—	—	2
Settlement of long-term incentive plans	(1)	—	—	—	(1)
Comprehensive loss	(3,755)	(3,705)	(50)	—	—
Balance October 31, 2014	24,356	(30,952)	(62)	55,120	250
For the Year Ended October 31, 2013					
Balance October 31, 2012	32,226	(23,134)	—	55,120	240
Expense recognized for stock-based compensation and long-term incentive plans	32	—	—	—	32
Settlement of long-term incentive plans	(23)	—	—	—	(23)
Comprehensive loss	(4,125)	(4,113)	(12)	—	—
Balance October 31, 2013	28,110	(27,247)	(12)	55,120	249
For the Year Ended October 31, 2012					
Balance November 1, 2011	38,181	(17,201)	—	55,120	262
Expense recognized for stock-based compensation and long-term incentive plans	71	—	—	—	71
Settlement of long-term incentive plans	(93)	—	—	—	(93)
Comprehensive loss	(5,933)	(5,933)	—	—	—
Balance October 31, 2012	32,226	(23,134)	—	55,120	240

See accompanying notes

1. DESCRIPTION OF THE BUSINESS

Founded in 2009, exactEarth™ Ltd. (the "Company" or "exactEarth™") is a provider of space-based maritime tracking data from its own satellites. exactEarth™ leverages advanced microsatellite technology to deliver monitoring solutions. The Company is jointly owned by COM DEV International Ltd. ("COM DEV") and HISDESAT Servicios Estratégicos S.A. ("Hisdesat"). The Company is incorporated under the Canada Business Corporations Act and its head office is located at 60 Struck Court, Cambridge, Ontario, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements present the Company's results of operations and financial position as at and for the year ended October 31, 2014, including comparative periods, under International Financial Reporting Standards ("IFRS") as issued by the IASB. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 22, 2015.

b) Basis of presentation

The consolidated financial statements include the accounts of the Company's subsidiary with inter-company transactions and balances eliminated. The Company has operations in Cambridge, Ontario and Harwell, United Kingdom.

The Company's significant accounting policies are set out below. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements and by all entities.

c) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short-term investments that mature within 90 days from the date of acquisition. Short-term investments are carried at their fair values.

d) Property, plant and equipment

Property, plant and equipment ("PP&E") are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the PP&E and borrowing costs for eligible long-term construction projects. When significant parts of PP&E are required to be replaced at intervals, the Company derecognizes the replaced part and recognizes the new part with its own associated useful life and amortization. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the PP&E as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold Improvements	three years
Satellites	ten years
Electrical equipment	ten years
Computer hardware	three to five years
Furniture and fixtures	three to five years

An item of PP&E and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or eventual disposition. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive loss when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

Finite life intangible assets are valued at cost less accumulated amortization, which is provided at rates sufficient to write off the costs over the estimated useful lives of the assets, using the straight-line method as follows:

Non-compete agreement	over term of agreement (three years)
Computer software not integral to the hardware on which it operates	three to ten years
Internally developed technology	five to seven years
Data rights	five to ten years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive loss when the asset is derecognized.

Costs that are directly attributable to the development and testing of identifiable and unique internally developed technology controlled by the Company are recognized as intangible assets when the criteria specified in IAS 38, Intangible Assets (“IAS 38”) are met. Capitalized costs include employee costs for staff directly involved in technology development and other expenditures directly related to the project.

Research and development expenditures

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset only when they have met the conditions of IAS 38. Investment tax credits (“ITCs”) reduce research and development expense and/or intangible assets in the same period in which the related expenditures are charged to earnings or capitalized, provided there is reasonable assurance the benefit will be realized. Otherwise, the incentives are recorded when the benefit is expected to be realized.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of revenue. During the period of development, the asset is tested for impairment annually.

Research and development costs that are funded by the Company are presented separately on the consolidated statements of comprehensive loss. Government grants, ITCs, and other funding for research activity are presented as a reduction of the related expense.

f) Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The Company currently is a single CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the Company does not assume substantially all of the risks and benefits of ownership of the asset are classified as operating leases. All of the Company's leases are classified as operating leases and are recognized as an expense in the consolidated statements of comprehensive loss on a straight-line basis over the lease term.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs capitalized to "Property, plant and equipment" and "Intangible assets" totaled $253 for fiscal 2014 using an average capitalization rate of 8% ($109 and 8% for fiscal 2013 and $nil for 2012). All other borrowing costs are expensed in the period they occur.

i) Income taxes

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income. Current income taxes related to items recognized directly in equity are recognized in equity and not in the consolidated statements of comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred taxes are provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes are recognized for all taxable temporary differences, except in specific circumstances outlined in IAS 12, Income Taxes ("IAS 12").

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except in specific circumstances outlined in IAS 12.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that all or part of the deferred tax asset will be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable the benefit will be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Revenue, expenses and assets are recognized net of the amount of sales tax, except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Data

The majority of revenue is derived from the sale of data subscriptions. For subscription revenue, the timing of cash flows generally precedes the recognition of revenue and income any initial payments are deferred and recognized ratably as data is delivered over the subscription period.

Revenue is recognized upon delivery for non-subscription data sales.

Provision of Products and Services

The Company occasionally provides goods and services to its customers under long-term contracts. The Company recognizes revenue on long-term contracts on the percentage of completion basis, based on costs incurred relative to the estimated total contract costs. Losses on such contracts are accrued when the estimate of total costs indicates that a loss will be realized. Accruals are drawn down as loss contracts progress. Contract billings received in excess of recognized revenue are included in current liabilities.

k) Foreign currency translation

A functional currency is the currency of the primary economic environment in which the reporting entity operates and is normally the currency in which the entity generates and expends cash. Each entity in the Company determines its own functional currency. Each entity's financial statements are translated from their functional currency to Canadian dollars, which is the presentation currency of these consolidated financial statements.

Transactions

Foreign currency transactions are initially recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange spot rate at the reporting date. All differences are recorded in the consolidated statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

Translation

The assets and liabilities of foreign operations are translated into Canadian dollars at year-end exchange rates and their revenue and expense items are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences are recognized in "Other comprehensive loss". On disposal of a foreign operation, the foreign exchange in "Accumulated other comprehensive loss" relating to that particular foreign operation is recognized in income in the consolidated statements of comprehensive loss.

l) Financial instruments

Financial assets

Financial assets within the scope of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus directly attributable transaction costs. The Company's financial assets include cash and cash equivalents and accounts receivable.

Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are non-interest bearing and are generally on 30-90 day payment terms. Any impairment of trade receivables is recorded through "Selling, general and administrative expenses" in the consolidated statements of comprehensive loss.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Company has transferred substantially all the risks and rewards of ownership of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities, long-term debt, and amounts due to related parties.

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term debt

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of comprehensive loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive loss.

m) Government assistance

Government assistance is periodically received in the form of grants, loans or ITCs (see "Research and development expenditures") that may be repayable in the form of royalties based on future sales levels related to the technology funded. Amounts that are repayable will be accounted for in the period in which conditions arise that will cause repayment. Government assistance with predetermined repayment requirements or conditional criteria is recorded as a liability when received or until the conditions are satisfied. If no predetermined repayment requirements exist, the assistance is treated as a reduction in the cost of the related item.

Interest free government loans are measured at amortized cost using the effective interest rate method. The interest rate used is based on the market rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as a government grant. The grant portion is split between operating costs and capital costs based on the costs to which the loan relates. The grant related to capital is recognized as a reduction to the carrying amount of an eligible asset and is realized over the life of the asset as reduced amortization expense. The grant related to operating expense is recognized in "Other income".

n) Stock-Based Compensation, Employee Share Ownership Plan ("ESOP") and Long-Term Incentive Plan ("LTIP")

Stock options

The President of the Company, who was a past employee of COM DEV, received compensation in the form of options for COM DEV's stock prior to starting employment at the Company. IFRS 2, Share-based Payment, requires that the Company record these amounts as "Contributed surplus" from COM DEV. COM DEV only grants stock options with an exercise price equal to the market value of the underlying stock on the date of grant. COM DEV employs a fair value method of accounting for all options granted to employees or directors. The fair value of the direct grants of stock is determined by the quoted market price of COM DEV's stock at the time of the award and the fair value of stock options is determined using the Black Scholes option pricing model. The fair value of awards at the date of grant to the President of the Company is recorded as an expense in these consolidated financial statements. The expense recorded represents the proportionate amount of the total fair value from the date he joined the Company and is recognized over the vesting period based on the number of options expected to vest. When options are exercised, they are settled with COM DEV shares. COM DEV is not expected to provide any future stock options to the Company's employees.

Restricted share unit and performance share unit plans

Certain employees of the Company received LTIP from COM DEV while the Company transitioned into an entity separate from COM DEV. Under the terms of this plan, participants are eligible to receive incentive remuneration in the form of Restricted Share Units ("RSUs") and/or Performance Share Units ("PSUs"). RSUs are time based and will vest automatically (cliff vest) three years after the grant date. Each RSU, once vested, entitles the holder to receive one common share of COM DEV. The value of the RSUs is based on the fair market value of COM DEV's shares on the day of the grant and accounted for as an equity-settled instrument. The estimated fair value of the RSUs is recorded as expense and contributed surplus over the vesting period.

The value of the PSUs is based on the fair market value of the shares on the day of the grant and is accounted for as an equity-settled instrument. The vesting term of the PSUs is three years commencing on the date of the grant, and incorporates

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

performance-vesting features based upon achieving certain return on net assets targets established for COM DEV over the vesting period. Each PSU, once vested, entitles the holder to receive one common share of COM DEV. COM DEV intends to buy common shares on the open market to satisfy obligations under the PSU plan, but has the option to satisfy obligations in cash. The estimated fair value of the PSUs that are expected to achieve the performance targets is recorded as expense and contributed surplus over the vesting period. If, in the future, the performance criteria are expected to not be met, then the change is treated as a change in estimate, and the cumulative effect of the change will be adjusted through income in the period.

o) Employee future benefit plans

Defined contribution pension plan

The Company sponsors a defined contribution pension plan for certain of its employees. The cost of providing benefits through the defined contribution pension plan is charged to income in the period in which the contributions become payable.

Long-term Profit Sharing Plan

For certain employees, the Company provides a share in the growth of net income over a three-year period. The liability is calculated using forecasted net income from the applicable periods in excess of a minimum net income at the date of the award and then discounted using the market yields at the end of the reporting period on high quality corporate bonds. The expense is recognized on a straight-line basis over the vesting period of three years.

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

q) Critical judgments and estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the critical judgments, estimates and assumptions that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

Capitalization of development costs

When capitalizing development costs, the Company must assess the technical and commercial feasibility of the projects and estimate the useful lives of resulting products. Determining whether future economic benefits will flow from the assets and, therefore, the estimates and assumptions associated with these calculations are instrumental in: (i) deciding whether project costs can be capitalized, and (ii) accurately calculating the useful life of the projects for the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairments

The recoverable amount of intangible assets and PP&E is based on estimates and assumptions regarding the expected market outlook and cash flows.

Revenue recognition and contracts in progress

Revenue on construction contracts is recognized on a percentage-of-completion basis. In applying the accounting policy on construction contracts, judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed at each reporting period and by their nature may give rise to income volatility.

Income (loss) on completion of contracts accounted for under the percentage-of-completion method

To estimate income (loss) on completion, the Company takes into account factors inherent to the contract by using historical and/or forecast data. When total contract costs are likely to exceed total contract revenue, the expected loss is recognized immediately and recorded in "Accounts payable and accrued liabilities" in the consolidated statements of financial position. The accrual is drawn down over the completion of the contract using the percentage-of-completion method.

3. FUTURE ACCOUNTING CHANGES

Standards issued but not yet effective or amended up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

International Financial Reporting Standard 9, Financial instruments: classification and measurement

As issued initially, International Financial Reporting Standard 9, Financial instruments: classification and measurement ("IFRS 9"), reflects the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. On November 19, 2013, the IASB published IFRS 9, Hedge Accounting, which is a part of the third phase of its replacement of IAS 39. The new requirements allow entities to better reflect their risk management activities in the financial statements. As part of the amendments, entities may change the accounting for liabilities that they have elected to measure at fair value before applying any of the requirements in IFRS 9. This change in accounting would mean that gains caused by a worsening in an entity's own credit risk on such liabilities would no longer be recognized in profit or loss. Because the second phase of the project related to impairment is not yet completed, the IASB decided that a mandatory effective date of January 1, 2015 would not allow sufficient time for entities to prepare to apply IFRS 9. Accordingly, the IASB determined to apply a later mandatory effective date, which will be determined when IFRS 9 is closer to completion. However, entities may still choose to apply IFRS 9 immediately. IFRS 9 must be applied retrospectively; however, hedge accounting is to be applied prospectively (with some exceptions). The amendment becomes effective for the Company on November 1, 2018. The Company is currently assessing the impact of adopting this new standard.

International Accounting Standard 32, Financial instruments: presentation

In December 2011, International Accounting Standard 32, Financial Instruments: Presentation ("IAS 32") was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future event. The Company does not anticipate any material impact from the adoption of this standard on the consolidated statements of comprehensive loss or the consolidated statements of financial position of the Company. The amendment becomes effective for the Company on November 1, 2014.

IFRS Interpretations Committee ("IFRIC") 21, Levies

In May 2013, the IFRIC, with the approval by the IASB, issued IFRIC 21 — Levies. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is currently effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. The Company is currently assessing the impact of adopting this interpretation on its consolidated financial statements.

(in thousands of Canadian dollars, except for per share figures)

3. FUTURE ACCOUNTING CHANGES (Continued)

International Accounting Standard 36, Impairment of Assets

International Accounting Standard 36, Impairment of Assets ("IAS 36"), was amended in 2013 to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs to sell. Specifically, for any material impairment losses recognized or reversed during the reporting period, this amendment requires an entity to disclose the recoverable amount of the cash generating unit ("CGU") and when the recoverable amount has been based on fair value less costs to sell, the entity must disclosure the level of the IFRS 13 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined. For all measurements at Level 2 or Level 3 of the fair value hierarchy, the entity must disclose the valuation technique used as well as any changes in that valuation technique and key assumptions used in the measurement of fair value including the discount rates used if a present value technique is applied. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of adopting this interpretation on its consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers

In May 2014, the IASB issued International Financial Reporting Standard 15, Revenue from Contracts with Customers ("IFRS 15"), which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting this new standard.

4. GOVERNMENT ASSISTANCE

Government grants

On November 16, 2012, exactEarth™ signed an interest-free loan agreement with the Federal Development Agency for Southern Ontario ("FED DEV"). Under this agreement, exactEarth™ is eligible to receive interest-free repayable funding for certain expenditures incurred from May 6, 2011 to March 31, 2014 to a maximum of $2,491. The interest-free loan is repayable in 60 equal consecutive monthly instalments beginning April 1, 2015. Funding requests are provided to FED DEV on a quarterly basis based on actual eligible expenditures incurred.

The FED DEV interest-free loan is measured at amortized cost, using the effective interest rate method at a rate of 8%. An interest rate of 8% was used based on the market interest rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as a government grant, which is recognized as an operating grant and a capital grant based on the relative proportion of eligible expenditures incurred. The operating grant is recorded as "Other income" in the consolidated statements of comprehensive loss and the capital grant is recorded as a reduction in the cost of the related asset and amortized to income over the life of the asset.

During the year ended October 31, 2014, exactEarth™ recognized $410 (2013 — $2,052, 2012 — $nil) relating to the FED DEV arrangement, of which $nil (2013 — $173, 2012 — $nil) was reflected as a loan receivable as at October 31, 2014. The amounts recognized in respect of the FED DEV arrangement for the years ended October 31, 2014, 2013 and 2012 and the impacts to the consolidated statements of comprehensive loss are as follows:

	2014	2013	2012
Loan amounts recognized during the year	$ 410	$2,052	$ —
Recognized at inception as follows:			
Loan payable	$ 318	$1,346	$ —
Accounts Payable	—	125	—
Operating grant	78	409	—
Capital grant	14	172	—
	$ 410	$2,052	$ —

	2014	2013	2012
Recognized in the consolidated statements of comprehensive loss as follows:			
Interest expense	$ 134	$ 46	$ —
Other income — operating grant	(78)	(409)	—
Cost of revenue — amortization of capital grant	(31)	(15)	—
Net impact	$ 25	$ (378)	$ —

(in thousands of Canadian dollars, except for per share figures)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

Cost	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2012	41	38,461	1,133	2,203	94	41,932
Additions	5	3,716	916	22	12	4,671
Disposals	—	—	(33)	(8)	—	(41)
October 31, 2013	46	42,177	2,016	2,217	106	46,562
Additions	—	1,813	515	466	—	2,794
Translation adjustment	—	—	32	—	—	32
October 31, 2014	46	43,990	2,563	2,683	106	49,388

Accumulated depreciation	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2012	25	832	145	758	63	1,823
Depreciation expense	9	2,382	205	505	23	3,124
Disposals	—	—	(6)	(3)	—	(9)
October 31, 2013	34	3,214	344	1,260	86	4,938
Depreciation expense	9	2,834	271	465	12	3,591
Translation adjustment	—	—	1	—	—	1
October 31, 2014	43	6,048	616	1,725	98	8,530

Net book value	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2013	12	38,963	1,672	957	20	41,624
October 31, 2014	3	37,942	1,947	958	8	40,858

Included in PP&E as at October 31, 2014 is $14,233 (2013 — $17,050) of satellite and electrical equipment that has not yet commenced being depreciated as the assets are under construction and not yet ready for use.

Borrowing costs capitalized for inclusion in the cost of certain assets were $17 (2013 — $15).

6. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

Cost	Non-compete agreement	Computer software	Internally developed technology	Data rights	Total
October 31, 2012	408	2,748	8,655	74	11,885
Additions	—	381	—	2,276	2,657
Transfers	—	16	(16)	—	—
October 31, 2013	408	3,144	8,639	2,350	14,541
Additions	—	258	—	3,259	3,517
Transfers	—	2	(2)	—	—
October 31, 2014	408	3,404	8,637	5,609	18,058

(in thousands of Canadian dollars, except for per share figures)

6. INTANGIBLE ASSETS (Continued)

Accumulated amortization	Non-compete agreement	Computer software	Internally developed technology	Data rights	Total
October 31, 2012	272	670	572	—	1,514
Amortization expense	136	562	329	—	1,027
October 31, 2013	408	1,232	901	—	2,541
Amortization expense	—	567	580	—	1,147
October 31, 2014	408	1,799	1,481	—	3,688

Net book value	Non-compete agreement	Computer software	Internally developed technology	Data rights	Total
October 31, 2013	—	1,912	7,738	2,350	12,000
October 31, 2014	—	1,605	7,156	5,609	14,370

Included in intangible assets is computer software of $nil (2013 — $2,987), and data rights of $5,609 (2013 — $2,350) that have not yet commenced being amortized as they are still under development and not yet ready for use.

Borrowing costs capitalized for inclusion in the cost of certain assets were $236 (2013 — $94).

Significant individual assets included in the amounts above as at October 31, 2014 are as follows:

Description	Category	Carrying Amount	Remaining Amortization Period (Months)
Decollision software	Internally Developed Technology	$4,330	159
Alora ground control software	Internally Developed Technology	2,429	77
Class B detection technology	Internally Developed Technology	397	78
EV9 data license	Data Rights	3,423	120
Data license	Data Rights	2,185	120

7. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE

a) LOANS PAYABLE

Loans payable are comprised as follows:

	October 31, 2014	October 31, 2013
COM DEV loan (i)	$ 7,616	$5,854
Hisdesat loan (ii)	2,768	2,160
FED DEV (note 4)	1,970	1,392
	$12,354	$9,406
Less: current portion of loans payable	198	—
Long-term loans payable	$12,156	$9,406

(in thousands of Canadian dollars, except for per share figures)

7. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE (Continued)

Principal repayments are due as follows:

For the years ending	
2015	$198
2016	362
2017	391
2018	423
2019	457
2020	201

i) On July 30, 2012, COM DEV, the majority interest investor in the Company, made available a revolving credit facility of up to $12,410. The outstanding balance net of issue costs is $7,616 (2013 — $5,854), of which $1,593 is the Canadian dollar equivalent of a $1,414 USD denominated draw on the facility (2013 — $1,474) while the rest of the borrowings are in Canadian dollars. The facility shall fall due on the anniversary date, and may be renewed for successive one-year periods at the option of the lender. The lender has formally agreed to waive its right to demand repayment of the principal owing until August 1, 2016. The Company may make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month.

This facility is provided subject to certain covenants. The collateral for this arrangement includes a general security agreement on the PP&E of the Company. The security is subject to certain permitted liens, existing indebtedness, and existing security documents.

The Company has made interest payments totalling $587 in 2014 (2013 — $320, 2012 — $84) and has not made any principal payments.

ii) On July 30, 2012, Hisdesat, the minority interest investor in the Company, made available a revolving credit facility of up to $4,590. The outstanding balance net of issue costs as at October 31, 2014 is $2,768 (2013 — $2,160). The facility shall fall due on the anniversary date, and may be renewed for successive one-year periods at the option of the lender. The lender has formally agreed to waive its right to demand repayment of the principal owing until August 1, 2016. The Company may make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month.

This facility is provided subject to certain covenants. The collateral for this arrangement includes a general security agreement on the PP&E of the Company. The security is subject to certain permitted liens, existing indebtedness, and existing security documents.

The Company has made interest payments totalling $215 in 2014 (2013 — $118, 2012 — $22) and has not made any principal payments.

b) FINANCIAL INSTRUMENTS — RISK MANAGEMENT OBJECTIVES

Fair values

For the Company's cash and cash equivalents, accounts receivables and accounts payable and accrued liabilities, the fair values approximate their respective carrying amounts due to their short-term maturities. The FED DEV loan, included in loans payable, has a carrying value as at October 31, 2014 of $1,970 (2013 — $1,392) which approximates the fair value as the loan was recorded at fair value when the cash was received and the Company's borrowing rate has not changed. The fair value of the FED DEV loan was calculated using discounted cash flows with a discount rate of 8% indicative of the Company's borrowing rate. The carrying value of the COM DEV and Hisdesat loans approximate fair value as they are renewed annually and the Company's borrowing rate has not changed since the funds were received.

As at October 31, 2014, approximately 42% of cash and cash equivalents, 25% of accounts receivables, and 5% of accounts payable and accrued liabilities are denominated in foreign currencies (2013 — 40%, 35%, and 6%, respectively). These foreign currencies include the USD, the British pound, and the euro.

(in thousands of Canadian dollars, except for per share figures)

7. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE (Continued)

The Company is exposed to foreign exchange risk on the following cash, accounts receivable, and accounts payable denominated in foreign currencies:

Currency	Cash	Accounts receivable	Accounts payable
USD	$483	$258	$—
GBP	£100	£ 89	£ 58
EUR	€202	€155	€—

Fair value hierarchy

The Company categorizes financial assets and liabilities recorded at fair value in the consolidated statements of financial position based on a fair value hierarchy. Fair values of assets and liabilities included in Level I are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data. The fair value of the FED DEV, COM DEV and Hisdesat loans is considered to be a Level II measurement.

Foreign currency risk

Transaction exposure

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency, the Canadian dollar. The majority of the Company's revenue is transacted in Canadian dollars. Portions of the revenue are denominated in US dollars, British pounds and euros. Purchases, consisting primarily of the majority of salaries, certain operating costs, and manufacturing overhead, are incurred primarily in Canadian dollars.

Translation exposure

The Company's foreign operation is exactEarth Europe. The assets and liabilities of the foreign operations are translated into Canadian dollars using the exchange rates in effect at the dates of the consolidated statements of financial position. Unrealized translation gains and losses are recognized in "Other comprehensive loss". The accumulated currency translation adjustments are recognized in income when there is a reduction in the net investment in the foreign operations.

Foreign currency risks arising from translation of assets and liabilities of foreign operations into the Company's functional currency are generally not hedged.

The majority of the Company's foreign exchange risk resides with USD, euro and British pound transactions. To evaluate the sensitivity of net income to a reasonably possible change in the USD, euro and British pound exchange rates, various exchange rates were entered into models which considered the valuation impact to customer contracts, cash balances and foreign currency denominated monetary balance sheet items.

For the Year Ended October 31, 2014

Currency	Change in Exchange Rate vs CAD	Increase (Decrease) in Net Income
USD	+4%	$ (40)
	−4%	$ 40
EUR	+5%	$ 100
	−5%	$(100)
GBP	+6%	$ 159
	−6%	$(159)

(in thousands of Canadian dollars, except for per share figures)

7. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE (Continued)

For the Year Ended October 31, 2013

Currency	Change in Exchange Rate vs CAD	Increase (Decrease) in Net Income
USD	+4%	$(10)
	−4%	$ 10
EUR	+5%	$ 47
	−5%	$(47)
GBP	+6%	$ (4)
	−6%	$ 4

For the Year Ended October 31, 2012

Currency	Change in Exchange Rate vs CAD	Increase (Decrease) in Net Income
USD	+4%	$ (26)
	−4%	$ 26
EUR	+3%	$ 23
	−3%	$ (23)
GBP	+8%	$(129)
	−8%	$ 129

Interest rate risk

The Company's risk exposure to market interest rates relates primarily to new financing or renewals of existing financing arrangements as both the COM DEV and Hisdesat loans are fixed rate arrangements. The Company's policy is to review its borrowing requirements on a continual basis and to enter into fixed or variable interest rate borrowing arrangements as required.

Credit risk

The maximum exposure to credit risk at the consolidated statements of financial position dates is best represented by the carrying amount of the Company's accounts. The Company is exposed to credit risk from the potential default by counterparties that carry the Company's cash and cash equivalents, and attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions the Company transacts with meet these qualifications.

Credit risk also arises from the inability of customers to discharge their obligation to the Company. If one or more customers were to delay, reduce or cancel orders, the overall orders of the Company may fluctuate and could adversely affect the Company's operations and financial condition. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. Trade receivables are non-interest bearing and are generally on 30-60 day payment terms. Three customers comprise 68% of accounts receivable as at October 31, 2014 (2013 — 61%).

The Company has reviewed its outstanding trade receivables in detail and has determined that the aging profiles are within historical expectations. The accounts receivable balance outstanding greater than 60 days past due as at October 31, 2014 is $416 (2013 — $457).

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of comprehensive loss within "Selling, general and administrative" expenses. When a receivable balance is considered uncollectable, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited against "Selling, general and administrative" expenses.

(in thousands of Canadian dollars, except for per share figures)

7. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE (Continued)

Liquidity risk

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial assets (e.g. accounts receivable, other financial assets), liabilities (e.g. payables, loans), and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through borrowing facilities available through the Company's bank, term loan facility and purchase contracts. The Company's policy is to ensure adequate funding is available from operations, established lending facilities and other sources as required.

The tables below summarize the maturity profile of the Company's financial liabilities based on contractual discounted payments.

As at October 31, 2014	On Demand	< 3 Months	3 to 12 Months	1 to 5 Years	Total
Due to related parties	58	208	623	30,009	30,898
Government loan	—	—	287	2,175	2,462
Accounts payable and accrued liabilities	—	4,215	1,127	—	5,342
Long-term profit sharing plan	—	—	—	183	183
Total	58	4,423	2,037	32,367	38,885

As at October 31, 2013	On Demand	< 3 Months	3 to 12 Months	1 to 5 Years	Total
Due to related parties	37	160	481	26,186	26,864
Government loan	—	—	—	1,879	1,879
Accounts payable and accrued liabilities	—	2,489	—	—	2,489
Total	37	2,649	481	28,065	31,232

8. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are:

- to ensure that it maintains strong credit ratings and exceeds its borrowing covenants in order to support its business and maximize shareholder value; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk undertaken.

The Company monitors capital on a basis consistent with others in the industry based on total debt to shareholders' equity. Capital is defined as shareholders' equity as presented in the consolidated statements of financial position, excluding "Accumulated other comprehensive loss", and total debt is defined as the sum of short-term and long-term interest-bearing debt. The Company uses the percentage of total debt to total capital to monitor the capitalization of the Company. The Company is not subject to any capital requirements imposed by a regulator.

9. SHARE CAPITAL

Issued capital

The Company has authorized an unlimited number of preferred shares of which there are none outstanding. The Company has authorized an unlimited number of common shares with no par value. For the years ended October 31, 2014, 2013 and 2012, the issued and outstanding shares are 11,111,111.

(in thousands of Canadian dollars, except for per share figures)

9. SHARE CAPITAL (Continued)

Earnings per share

	2014	2013	2012
Numerator for basic and diluted earnings per share available to common shareholders: Net loss attributable to common shareholders	$ 3,705	$ 4,113	$ 5,933
Denominator for basic earnings per share — weighted average number of shares outstanding	11,111,111	11,111,111	11,111,111
Basic and diluted loss per share	$ 0.33	$ 0.37	$ 0.53

There are no dilutive instruments outstanding.

Stock-based compensation

COM DEV employs a fair value based method of accounting for all options issued to employees or directors. The Company recognizes compensation cost for all stock options granted to employees under the COM DEV stock option plan. The option exercise price is the market value of the Company's common shares at the date of the grant. During the year ended October 31, 2014, COM DEV granted nil (2013 — nil, 2012 — nil) stock options to the Company's employees.

Options granted vest on a graded basis, ⅓ per year over three years, and vested options can be exercised over a five-year period from the date of issue.

The fair value of options issued was estimated at the date of grant using the Black-Scholes option pricing model. In determining the fair value of options, COM DEV uses historical volatility, calculated using daily stock prices for the period that corresponds to the expected life of the options. The estimated fair value of the options is amortized to expense over the vesting period of the options. For the year ended October 31, 2014, compensation expense of $nil (2013 — $2, 2012 — $6) was recognized. This amount was added to contributed surplus.

A summary of option activity for the years ended October 31 is as follows:

	2014		2013		2012	
	Number	Exercise price	Number	Exercise price	Number	Exercise price
Opening balance as at October 31	30,264	$1.89	30,264	$1.89	30,264	$1.89
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Ending balance as at October 31	30,264	$1.89	30,264	$1.89	30,264	$1.89

A summary of options outstanding and vested for the years ended October 31 is as follows:

Exercise price	Number outstanding and vested as at October 31, 2014	Remaining contractual life in years	Number outstanding and vested as at October 31, 2013	Remaining contractual life in years	Number outstanding and vested as at October 31, 2012	Remaining contractual life in years
$1.89	30,264	0.67	30,264	1.67	21,185	2.67

All outstanding vested options can be exercised prior to their expiry date any time there is an open trading window for COM DEV shares.

(in thousands of Canadian dollars, except for per share figures)

9. SHARE CAPITAL (Continued)

Long term incentive plans

The following details the RSUs and PSUs for the years ended October 31:

	2014		2013		2012	
	RSU	PSU	RSU	PSU	RSU	PSU
Opening balance as at October 31,	12,438	2,739	53,838	69,117	95,524	75,597
Granted	—	—	—	—	—	—
Settled	(12,438)	(2,055)	(40,143)	(46,671)	(36,678)	(2,779)
Forfeited	—	(684)	(1,257)	(19,707)	(5,008)	(3,701)
Ending balance as at October 31,	—	—	12,438	2,739	53,838	69,117

For the year ended October 31, 2014, compensation expense of $2 (2013 — $30, 2012 — $65) was recognized.

10. COMMITMENTS AND CONTINGENCIES

General

The preparation of these consolidated financial statements requires management's best estimate related to events whose outcome will not be fully resolved until future periods.

Lease commitments

The Company has commitments under lease agreements for facilities totalling $22, all of which is due within the next year.

Capital commitments

As at October 31, 2014, capital commitments in respect of the purchase of PP&E were $8,684. There were no other material capital commitments outstanding as at October 31, 2014.

Claims or legal actions

The Company does not have any outstanding claims or legal actions.

11. OTHER EXPENSE

	2014	2013	2012
Amortization of deferred financing expense	$—	$51	$18
Other	5	—	22
Total other expense	$ 5	$51	$40

(in thousands of Canadian dollars, except for per share figures)

12. INCOME TAXES

The following are the major components of income tax expense (recovery) for the years ended October 31:

	2014	2013	2012
Current income tax expense	$—	$—	$ —
Deferred tax expense:			
Origination and reversal of temporary differences	$(809)	$(972)	$(1,481)
Losses not recognized	809	972	1,481
Deferred income tax expense	$—	$—	$ —
Total income tax expense	$—	$—	$ —

The Company's consolidated effective tax rate for the year ended October 31, 2014 was nil% (2013 — nil%, 2012 — nil%). The difference in the effective tax rates compared to the Company's statutory income tax rates were mainly caused by the following:

	2014	2013	2012
Income before income taxes	$(3,705)	$(4,113)	$ (5,933)
Statutory tax rate	26.5%	26.5%	26.75%
Income taxes based on the statutory income tax rate	$ (982)	$(1,090)	$ (1,587)
Losses not recognized	828	972	1,481
Permanent differences and other	101	100	104
Difference between statutory rate and individual entity rates	53	18	2
Income tax expense	$ —	$ —	$ —

The Canadian statutory tax rate during fiscal 2014 was 26.5% (2013 — 26.5%, 2012 — 26.75%).

Components of deferred tax movement are as follows for the years ended October 31:

	2014	2013	2012
Taxable temporary differences	$ 11	$(105)	$ (36)
Property, plant and equipment and intangible assets	(1,065)	(483)	(710)
Non-capital losses	1,054	588	746
Total change in deferred taxes	$ —	$—	$—

The deferred income tax recognized in the consolidated statements of financial position is comprised of the following:

	October 31, 2014	October 31, 2013	October 31, 2012
Taxable temporary differences	$ (130)	$ (141)	$ (36)
Property, plant and equipment and intangible assets	(2,596)	(1,531)	(1,048)
Non-capital losses	2,726	1,672	1,084
Deferred income taxes	$ —	$ —	$ —

For the purposes of the above table, deferred income tax assets are shown net of deferred income tax liabilities where these occur in the same entity and jurisdiction.

(in thousands of Canadian dollars, except for per share figures)

12. INCOME TAXES (Continued)

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2014	2013	2012
Canadian deductible temporary differences	$ 472	$ 382	$ 730
Scientific Research & Experimental Development ("SRED") pool	2,535	2,200	1,909
Canadian non-capital tax losses	24,224	22,616	19,407
UK non-capital losses	1,855	628	94

These unused Canadian tax losses expire from 2029 through 2034. The UK non-capital losses have an unlimited carryforward period. The SRED pool does not expire.

Unrecorded ITCs are as follows:

	2014	2013	2012
Federal	$624	$597	$491
Ontario	$149	$141	$116

13. SEGMENT AND GEOGRAPHIC INFORMATION

The Company has one reportable business segment, which is engaged in the sale of space-based maritime tracking data and related products and services from its own satellites.

Revenue by product type

Revenue is divided into three categories based on the types of products sold. Subscription Services are recognized over the life of the contract term, Data Products are sold on-demand and recognized on delivery, and Other Products and Services include various other revenue streams and are recognized based on the contract terms.

For the years ended October 31:

	2014	2013	2012
Subscription Services	$12,667	$10,570	$8,347
Data Products	1,492	507	130
Other Products & Services	1,677	901	1,163
	$15,836	$11,978	$9,640

Geographic information

Revenue by customer is based on where the customer is located.

For the years ended October 31:

	2014	2013	2012
Canada	$ 6,736	$ 5,355	$5,300
United States	1,238	692	382
Europe	4,758	3,011	1,431
Other	3,104	2,920	2,527
	$15,836	$11,978	$9,640

(in thousands of Canadian dollars, except for per share figures)

13. SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

Three customers comprise 60% of revenue for the year ended October 31, 2014 (2013 — two customers comprised 54%, 2012 — two customers comprised 65%).

PP&E is attributed to the country in which it is located or, for spaced-based assets, the country in which it is owned. Intangible assets are attributed to the country where ownership of the asset resides.

	October 31, 2014	October 31, 2013
Property, Plant & Equipment		
Canada	$40,400	$41,218
United Kingdom	458	406
	$40,858	$41,624
Intangible Assets		
Canada	$14,370	$12,000
United Kingdom	—	—
	$14,370	$12,000

14. EMPLOYEE BENEFITS

Defined contribution pension plan

The Company has a defined contribution pension plan for its employees. During the year ended October 31, 2014, the Company's contributions, which are based on the contributions by employees, were $196 (2013 — $151, 2012 — $116) and are included in "Selling, general and administrative" expenses in the consolidated statements of comprehensive loss.

Long-term Profit Sharing Plan

The Company has a long-term profit sharing plan for certain of its employees. During the year ended October 31, 2014, the expenses recognized based on the forecasted net income were $176 in 2014 (2013 — $nil, 2012 — $nil).

Salaries and Benefits

Total salaries and employee benefit expense was $7,339 for 2014 (2013 — $6,258, 2012 — $5,426).

15. RELATED PARTIES

Compensation of key management personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Board of Directors, executive officers and vice presidents. The compensation expense for key management personnel is as follows:

	2014	2013	2012
Short-term salary and benefits	$1,778	$2,074	$1,749
Post-employment benefits	33	35	24
Stock-based compensation expense and long-term incentive plans	110	25	65
	$1,921	$2,134	$1,838

Short-term salary and benefits include expenses for base salaries, bonuses and other short-term benefit expenses. Post-employment benefits are the Company's defined contribution pension plan. Long-term benefits include the Company's long-term profit sharing plan.

(in thousands of Canadian dollars, except for per share figures)

15. RELATED PARTIES (Continued)

Related parties

The transactions and balances between the Company and COM DEV (and its subsidiaries) are as follows:

	2014	2013	2012
Purchase of services	$ 689	$ 725	$ 1,432
Purchase of property, plant and equipment	6,248	1,177	8,207
Rent	71	71	71
Interest paid to COM DEV	587	320	84
Revenue from COM DEV	924	533	362
Accounts payable	19,683	18,209	16,186
Outstanding term loan	7,616	5,854	2,836
Accounts receivable	57	23	—

The accounts payable to COM DEV include $58 (2013 — $37) classified as current and $19,625 (2013 — $18,172) classified as long-term. COM DEV has formally agreed to waive its right to demand repayment of the portion of accounts payable classified as long-term until August 1, 2016.

The transactions and balances between the Company and Hisdesat are as follows:

	2014	2013	2012
Interest paid to Hisdesat	$ 215	$ 118	$ 22
Revenue from Hisdesat	236	145	—
Outstanding term loan	2,768	2,160	1,066

16. CONSTRUCTION CONTRACT REVENUE

	2014	2013	2012
Percentage of completion revenue contracts			
Costs incurred	$ 692	$ 187	$ 481
Estimated earnings	1,375	489	357
Progress billings	(769)	(424)	(561)
Total contracts in progress	$1,298	$ 252	$ 277
Disclosed as:			
Unbilled revenue	$1,549	$ 252	$ 289
Deferred revenue	251	—	12
	$1,298	$ 252	$ 277
Amount of contract revenue recognized in the period	$1,640	$ 755	$1,051

The unbilled revenue and deferred revenue from construction contracts are included in unbilled revenue and deferred revenue in the consolidated statements of financial position.

17. SUBSEQUENT EVENT

On June 8, 2015, the Company formed a strategic alliance with Harris Corporation (“Harris”), which will provide for each party to have exclusive rights to a defined segment of the market including revenue sharing rights once the Iridium NEXT satellite constellation is deployed. The agreement specifies the Company will pay Harris $10 million USD in commitment fees in a series of installments by June 20, 2016, of which $1 million USD was paid during the first quarter of 2015 and $6 million USD is due by June 30, 2015.

The Company has entered into an arrangement effective March 17, 2015 and has committed to provide in-kind datasets, not licensed for commercial use, in exchange for title to the EV9 satellite, subject to certain restrictions on the use, sale or transfer of the satellite within the six year period ending March 31, 2021. Once the contributions are made and the six year period has expired, the Company will have free title to the EV9 satellite. No datasets have been transferred as at May 1, 2015.

exactEarth Ltd.
Interim Consolidated Statement of Financial Position
(in thousands of Canadian Dollars)
Unaudited

		As at July 31, 2015	As at October 31, 2014
		$	$
ASSETS			
Current assets			
Cash		3,533	2,403
Trade accounts receivable		4,759	2,826
Unbilled revenue	(note 11)	1,661	1,845
Due from related parties	(note 12)	-	57
Prepaid expenses and other assets	(note 14)	1,856	529
Total current assets		11,809	7,660
Property, plant and equipment	(notes 4 and 13)	47,861	40,858
Intangible assets	(notes 5 and 13)	24,086	14,370
Total assets		83,756	62,888
LIABILITIES & EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	(note 14)	10,958	5,342
Due to related parties	(note 12)	233	58
Deferred revenue	(note 11)	2,694	977
Current portion of government loan	(note 6)	355	198
Total current liabilities		14,240	6,575
Government loan	(note 6)	1,528	1,772
Due to related parties	(notes 6 and 12)	44,596	30,009
Long-term profit sharing plan liability	(note 10)	785	176
Total liabilities		61,149	38,532
Shareholders' equity			
Share capital	(note 7)	55,120	55,120
Contributed surplus		249	250
Accumulated other comprehensive loss		(314)	(62)
Deficit		(32,448)	(30,952)
Total shareholders' equity		22,607	24,356
Total liabilities and equity		83,756	62,888

See accompanying notes

On behalf of the Board:

exactEarth Ltd.
Interim Consolidated Statement of Comprehensive Loss
(in thousands of Canadian Dollars)
Unaudited

For the three months ended		July 31, 2015	August 1, 2014
		$	$
Revenue	(notes 11 and 13)	7,781	3,643
Cost of revenue		2,771	1,999
Gross margin		5,010	1,644
Operating expenses			
Research and development		15	16
Selling, general and administrative	(note 14)	2,599	1,275
Product development		345	259
Depreciation and amortization		1,370	1,253
Earnings (loss) from operations		681	(1,159)
Other (income) expense			
Other expense		28	-
Foreign exchange loss		28	53
Interest expense	(note 12)	316	171
Total other expense		372	224
Income tax expense		-	-
Net loss		309	(1,383)
Other comprehensive income (loss)			
Foreign currency translation adjustments		(197)	9
Total other comprehensive income (loss)		(197)	9
Comprehensive income (loss)		112	(1,374)
Basic and diluted earnings (loss) per share	(note 7)	0.03	(0.12)

exactEarth Ltd.
Interim Consolidated Statement of Comprehensive Loss
(in thousands of Canadian Dollars)
Unaudited

For the nine months ended		July 31, 2015	August 1, 2014
		$	$
Revenue	(notes 11 and 13)	19,138	11,369
Cost of revenue		7,905	5,759
Gross margin		11,233	5,610
Operating expenses			
Research and development		46	39
Selling, general and administrative	(note 14)	6,194	3,893
Product development		1,046	668
Depreciation and amortization		4,110	3,453
Loss from operations		(163)	(2,443)
Other (income) expense			
Other income		-	(80)
Other expense		55	4
Foreign exchange loss (gain)		295	(102)
Interest expense	(note 12)	983	508
Total other expense		1,333	330
Income tax expense		-	-
Net loss		(1,496)	(2,773)
Other comprehensive loss			
Foreign currency translation adjustments		(252)	(87)
Total other comprehensive loss		(252)	(87)
Comprehensive loss		(1,748)	(2,860)
Basic and diluted loss per share	(note 7)	(0.13)	(0.25)

exactEarth Ltd.
Interim Consolidated Statement of Cash Flows
(in thousands of Canadian Dollars)
Unaudited

For the three months ended	July 31, 2015	August 1, 2014
	$	$
Net income (loss)	309	(1,383)
Add (deduct) items not involving cash	-	-
Imputed interest on government loan	39	34
Depreciation and amortization	1,370	1,253
Foreign exchange loss (gain) on revaluation of US dollar shareholder loans	203	(8)
Long-term profit sharing plan liability	203	44
Change in non-cash working capital balances	468	362
Cash flows generated from operations	2,592	302
Investing activities		
Acquisition of property, plant, and equipment	(769)	(221)
Reimbursement of acquisition costs of property, plant, and equipment	36	-
Acquisition of intangible assets	(6,594)	(417)
Cash flows used in investing activities	(7,327)	(638)
Financing activities		
Government loan repayment	(123)	-
Shareholder loan advances	4,516	-
Cash flows from financing activities	4,393	-
Effect of exchange rate changes on cash	413	(61)
Net increase (decrease) in cash	71	(397)
Cash, beginning of the period	3,462	3,220
Cash, end of the period	3,533	2,823
Supplemental cash flow information		
Interest paid	380	198
Interest received	5	6
Taxes paid	-	-

exactEarth Ltd.
Interim Consolidated Statement of Cash Flows
(in thousands of Canadian Dollars)
Unaudited

For the nine months ended	July 31, 2015	August 1, 2014
	$	$
Net loss	(1,496)	(2,773)
Add (deduct) items not involving cash		
Imputed interest on government loan	118	96
Operating grant recognized on government loan	-	(80)
Depreciation and amortization	4,110	3,453
Foreign exchange loss on revaluation of US dollar shareholder loans	327	71
Stock-based compensation and long-term incentive plan expense	-	2
Settlement of long-term incentive plans	(1)	(1)
Long-term profit sharing plan liability	609	132
Change in non-cash working capital balances	576	943
Cash flows generated from operations	4,243	1,843
Investing activities		
Acquisition of property, plant, and equipment	(5,183)	(1,991)
Reimbursement of acquisition costs of property, plant, and equipment	371	-
Acquisition of intangible assets	(7,005)	(1,236)
Cash flows used in investing activities	(11,817)	(3,227)
Financing activities		
Government loan advances	-	308
Government loan repayment	(205)	-
Shareholder loan advances	8,516	2,250
Cash flows from financing activities	8,311	2,558
Effect of exchange rate changes on cash	393	34
Net increase in cash	1,130	1,208
Cash, beginning of the period	2,403	1,615
Cash, end of the period	3,533	2,823
	-	
Supplemental cash flow information		
Interest paid	948	841
Interest received	13	42
Taxes paid	-	-

exactEarth Ltd.
Interim Consolidated Statement of Changes in Equity
(in thousands of Canadian Dollars)
Unaudited

For the three months ending July 31, 2015	Total $	Deficit $	Accumulated Other Comprehensive Loss $	Share Capital $	Contributed Surplus $
Balance May 1, 2015	22,495	(32,757)	(117)	55,120	249
Comprehensive gain	112	309	(197)	-	-
Balance July 31, 2015	22,607	(32,448)	(314)	55,120	249

For the three months ending August 1, 2014					
Balance May 2, 2014	26,625	(28,637)	(108)	55,120	250
Comprehensive loss	(1,374)	(1,383)	9	-	-
Balance August 1, 2014	25,251	(30,020)	(99)	55,120	250

exactEarth Ltd.
Interim Consolidated Statement of Changes in Equity
(in thousands of Canadian Dollars)
Unaudited

For the nine months ending July 31, 2015	Total $	Deficit $	Accumulated Other Comprehensive Loss $	Share Capital $	Contributed Surplus $
Balance October 31, 2014	24,356	(30,952)	(62)	55,120	250
Settlement of long-term incentive plans	(1)	-	-	-	(1)
Comprehensive loss	(1,748)	(1,496)	(252)	-	-
Balance July 31, 2015	22,607	(32,448)	(314)	55,120 -	249

For the nine months ending August 1, 2014					
Balance October 31, 2013	28,110	(27,247)	(12)	55,120	249
Settlement of long-term incentive plans	(1)	-	-	-	(1)
Expense recognized for stock-based compensation and long-term incentive plans	2	-	-	-	2
Comprehensive loss	(2,860)	(2,773)	(87)	-	-
Balance August 1, 2014	25,251	(30,020)	(99)	55,120	250

1. DESCRIPTION OF THE BUSINESS

Founded in 2009, exactEarth™ Ltd. (the "Company" or "exactEarth™") is a provider of space-based maritime tracking data from its own satellites. exactEarth™ leverages advanced microsatellite technology to deliver monitoring solutions. The Company is jointly owned by COM DEV International Ltd. ("COM DEV") and HISDESAT Servicios Estratégicos S.A. ("Hisdesat"). The Company is incorporated under the Canada Business Corporations Act and its head office is located at 60 Struck Court, Cambridge, Ontario, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These interim condensed consolidated financial statements present the Company's financial results of operations and financial position as at and for the quarter ended July 31, 2015, including comparative periods, under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB'). The interim condensed consolidated financial statements were prepared on a going concern basis using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended October 31, 2014, except for any new accounting pronouncements which have been adopted and changes in accounting policies described below. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34, *Interim Financial Reporting* as issued by the IASB. Accordingly, these interim condensed consolidated financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual consolidated financial statements for the year ended October 31, 2014.

The Company's quarter-end is the Friday closest to the last day of the month in the fiscal quarter while the year-end date is fixed at October 31.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 2, 2015.

b) Basis of presentation

These interim condensed consolidated financial statements include the accounts of the Company's subsidiary with inter-company transactions and balances eliminated. The Company has two divisions in each of Cambridge, Ontario, Canada and Harwell, UK.

These interim condensed consolidated financial statements are presented in Canadian dollars and have been prepared on a historical cost basis.

c) Change in accounting policies

IFRS Interpretations Committee ("IFRIC") 21, Levies

In May 2013, the IFRIC, with approval of the IASB, issued IFRIC 21, *Levies*. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 became effective for the Company on November 1, 2014, and was applied retrospectively. The adoption of IFRIC 21 did not have an impact on the interim condensed consolidated financial statements of the Company.

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

International Accounting Standard 32, Financial Instruments: Presentation

In December 2011, International Accounting Standard 32, Financial Instruments: Presentation ("IAS 32") was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of set-off must be available on the current date and cannot be contingent on a future event. The amendment became effective for the Company on November 1, 2014. The adoption of the amendment to IAS 32 did not have an impact on the interim condensed consolidated financial statements of the Company.

International Accounting Standard 36, Impairment of Assets

International Accounting Standard 36, Impairment of Assets ("IAS 36") was amended in 2013 to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs to sell. Specifically, for any material impairment losses recognized or reversed during the reporting period, this amendment requires an entity to disclose the recoverable amount of the cash generating unit ("CGU") and when the recoverable amount has been based on fair value less costs to sell, the entity must disclose the level of the IFRS 13 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined. For all measurements at Level 2 or Level 3 of the fair value hierarchy, the entity must disclose the valuation technique used as well as any changes in that valuation technique and key assumptions used in the measurement of fair value including the discount rates used if a present value technique is applied. The amendment became effective for the Company on November 1, 2014. The adoption of the amendment to IAS 36 did not have an impact on the interim condensed consolidated financial statements of the Company.

There are no future changes to IFRS with potential impact on the Company other than those disclosed in the October 31, 2014 audited consolidated financial statements.

3. GOVERNMENT ASSISTANCE

Government grants

On November 16, 2012, exactEarth™ signed an interest-free loan agreement with the Federal Development Agency for Southern Ontario ("FED DEV"). Under this agreement, exactEarth™ was eligible to receive interest-free repayable funding for certain expenditures incurred from May 6, 2011 to March 31, 2014 to a maximum of $2,491. The interest-free loan is repayable in 60 equal consecutive monthly instalments beginning April 1, 2015. During the three and nine months ended July 31, 2015, the Company made payments of $123 and $205 (2014: nil and nil).

The FED DEV interest-free loan is measured at amortized cost, using the effective interest rate method at a rate of 8%. An interest rate of 8% was used based on the market interest rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as a government grant, which is recognized as an operating grant and a capital grant based on the relative proportion of eligible expenditures incurred. The operating grant is recorded as "Other income" in the consolidated statements of comprehensive loss and the capital grant is recorded as a reduction in the cost of the related asset and amortized to income over the life of the asset.

For the three and nine months ended July 31, 2015, exactEarth™ received proceeds of nil and nil (2014 – nil and $308) relating to the FED DEV arrangement. The amounts recognized in respect of the FED DEV arrangement are as follows:

Recognized in the consolidated statement of comprehensive loss for the three months ended:		July 31, 2015		August 1, 2014
Interest expense	$	39	$	34
Cost of revenue - amortization of capital grant		(8)		(8)
Net impact	$	31	$	26

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

Recognized in the consolidated statement of comprehensive loss for the nine months ended:	July 31, 2015	August 1, 2014
Interest expense	$ 118	$ 96
Other income - operating grant	-	(80)
Cost of revenue - amortization of capital grant	(23)	(23)
Net impact	$ 95	$ (7)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Leasehold Improvements	Satellites	Electrical Equipment	Computer Hardware	Furniture and Fixtures	Total
October 31, 2014	46	43,990	2,563	2,683	106	49,388
Additions	-	9,880	130	19	5	10,034
Translation adjustment	-	-	67	1	-	68
July 31, 2015	46	53,870	2,760	2,703	111	59,490

Accumulated Depreciation	Leasehold Improvements	Satellites	Electrical Equipment	Computer Hardware	Furniture and Fixtures	Total
October 31, 2014	43	6,048	616	1,725	98	8,530
Depreciation expense	1	2,497	234	354	5	3,091
Translation adjustment	-	-	8	-	-	8
July 31, 2015	44	8,545	858	2,079	103	11,629

Net Book Value	Leasehold Improvements	Satellites	Electrical Equipment	Computer Hardware	Furniture and Fixtures	Total
October 31, 2014	3	37,942	1,947	958	8	40,858
July 31, 2015	2	45,325	1,902	624	8	47,861

Included in property, plant and equipment as at July 31, 2015 is $20,716 (October 31, 2014 – $14,233) of satellite and electrical equipment that has not yet commenced being depreciated as the assets are under construction and not yet ready for use.

Additions to satellites for the period ended July 31, 2015 are shown net of $371 (October 31, 2014 – nil) of cost reimbursements received by the Company for assisting in the development of a satellite under construction.

Borrowing costs capitalized for inclusion in the cost of certain assets were $862 (October 31, 2014 – $17).

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

5. INTANGIBLE ASSETS

Intangible assets consist of the following:

Cost	Computer Software	Internally Developed Technology	Data Rights	Total
October 31, 2014	3,404	8,637	5,609	17,650
Additions	35	57	10,643	10,735
July 31, 2015	3,439	8,694	16,252	28,385

Accumulated Amortization	Computer Software	Internally Developed Technology	Data Rights	Total
October 31, 2014	1,799	1,481	-	3,280
Amortization expense	443	576	-	1,019
July 31, 2015	2,242	2,057	-	4,299

Net Book Value	Computer Software	Internally Developed Technology	Data Rights	Total
October 31, 2014	1,605	7,156	5,609	14,370
July 31, 2015	1,197	6,637	16,252	24,086

Included in intangible assets is internally developed technology of $57 (October 31, 2014 – nil), and data rights of $16,252 (October 31, 2014 – $5,609) that have not yet commenced being amortized as they are still under development and not yet ready for use. Included in current accounts payable and accrued liabilities is $3,924 related to the Harris data license.

Borrowing costs capitalized for inclusion in the cost of certain assets were $335 (October 31, 2014 – $236).

Significant individual assets included in the amounts above as at July 31, 2015 are as follows:

Description	Category		Carrying Amount	Remaining Amortization Period (Months)
Decollision software	Internally Developed Technology	$	4,085	150
Alora ground control software	Internally Developed Technology		2,145	68
Class B detection technology	Internally Developed Technology		357	70
Big data platform	Internally Developed Technology		57	84
EV9 data license	Data Rights		3,668	120
Harris data license	Data Rights		12,583	120

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

6. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE

a) LOANS PAYABLE

Loans payable are comprised as follows:

		July 31, 2015		October 31, 2014
COM DEV loan (i)	$	14,077	$	7,616
Hisdesat loan (ii)		5,150		2,768
FED DEV (note 3)		1,883		1,970
	$	21,110	$	12,354
Less: current portion of loans payable		355		198
Long-term loans payable	$	20,755	$	12,156

i) On July 30, 2012, COM DEV, the majority interest investor in the Company, made available a revolving credit facility. In the first three quarters of 2015, COM DEV International Ltd. advanced the Company $6,205. As at July 31, 2015 the balance outstanding net of issue costs was $14,077 (October 31, 2014 – $7,616), of which $1,850 is the Canadian dollar equivalent of a $1,414 USD denominated draw on the facility (October 31, 2014 – $1,593) while the rest of the borrowings are in Canadian dollars. The facility shall fall due on the anniversary date, and may be renewed for successive one-year periods at the option of the lender. The lender has formally agreed to waive its right to demand repayment of the principal owing until August 1, 2016. The Company may make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month.

This facility is provided subject to certain covenants. The collateral for this arrangement includes a general security agreement on the property, plant and equipment of the Company. The security is subject to certain permitted liens, existing indebtedness, and existing security documents.

The Company has incurred interest expense in the three and nine months ended July 31, 2015 of $240 and $657 (2014 – $150 and $436).

ii) On July 30, 2012, Hisdesat, the minority interest investor in the Company, made available a revolving credit facility. In the first three quarters of 2015, Hisdesat advanced the Company $2,319. As at July 31, 2015 the balance outstanding net of issue costs was $5,150 (October 31, 2014 – $2,768), of which $1,303 is the Canadian dollar equivalent of a $996 USD denominated draw on the facility (October 31, 2014 – nil) while the rest of the borrowings are in Canadian dollars. The facility shall fall due on the anniversary date, and may be renewed for successive one-year periods at the option of the lender. The lender has formally agreed to waive its right to demand repayment of the principal owing until August 1, 2016. The Company may make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month.

This facility is provided subject to certain covenants. The collateral for this arrangement includes a general security agreement on the property, plant and equipment of the Company. The security is subject to certain permitted liens, existing indebtedness, and existing security documents.

The Company has incurred interest expense in the three and nine months ended July 31, 2015 of $86 and $237 (2014 – $55 and $160).

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

b) FINANCIAL INSTRUMENTS

Fair values

The FED DEV loan, included in loans payable, has a carrying value as at July 31, 2015 of $1,883 (October 31, 2014 – $1,970) which approximates the fair value as the loan was recorded at fair value when the cash was received and the Company's borrowing rate has not changed. The fair value of the FED DEV loan was calculated using discounted cash flows with a discount rate of 8% indicative of the Company's borrowing rate. The carrying value of the COM DEV and Hisdesat loans approximate fair value as they are renewed annually and the Company's borrowing rate has not changed since the funds were received. The fair value of the FED DEV, COM DEV and Hisdesat loans is considered to be a level 2 measurement.

As at July 31, 2015, approximately 99.8% of cash and cash equivalents, 24.8% of accounts receivables, and 92.5% of accounts payable and accrued liabilities are denominated in foreign currencies (October 31, 2014 – 42%, 25%, and 5%, respectively). These foreign currencies include the US dollar, the British pound, and the euro.

The Company is exposed to foreign exchange risk on the following cash, accounts receivable, and accounts payable denominated in foreign currencies:

Currency		Cash		Accounts receivable		Accounts payable
USD	$	2,521	$	583	$	3,563
GBP	£	93	£	88	£	70
EUR	€	28	€	163	€	3,706

7. SHARE CAPITAL

Issued capital

The Company has authorized an unlimited number of preferred shares of which there are none outstanding. The Company has authorized an unlimited number of common shares with no par value. As at July 31, 2015 and October 31, 2014, the issued and outstanding shares are 11,111,111.

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended:

		July 31, 2015		August 1, 2014
Numerator for basic and diluted earnings per share available to common shareholders				
Net income (loss) attributable to common shareholders	$	309	$	(1,383)
Denominator for basic earnings per share - weighted average number of shares outstanding		11,111,111		11,111,111
Effect of dilutive securities		-		-
Basic and diluted earnings (loss) per share	$	0.03	$	(0.12)

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

The following table sets forth the computation of basic and diluted earnings per share for the nine months ended:

	July 31, 2015	August 1, 2014
Numerator for basic and diluted earnings per share available to common shareholders		
Net loss attributable to common shareholders	$ (1,496)	$ (2,773)
Denominator for basic earnings per share - weighted average number of shares outstanding	11,111,111	11,111,111
Effect of dilutive securities	-	-
Basic and diluted loss per share	$ (0.13)	$ (0.25)

There are no dilutive instruments outstanding as at July 31, 2015 and August 1, 2014.

Stock-based compensation

The Company recognizes compensation cost for all stock options granted to employees under the COM DEV stock option plan. COM DEV employs a fair value based method of accounting for all options issued to employees or directors. The option exercise price is the market value of the Company's common shares at the date of the grant. During the three months ended July 31, 2015, COM DEV granted nil (2014 – nil) stock options to the Company's employees.

For the three and nine months ended July 31, 2015 and August 1, 2014, there was no compensation expense recognized and there was no option activity.

A summary of options outstanding and vested is as follows:

Exercise price	Number outstanding and vested as at July 31, 2015	Remaining contractual life in years	Number outstanding and vested as at October 31, 2014	Remaining contractual life in years
$1.89	-	-	30,264	0.67

All outstanding vested options can be exercised prior to their expiry date any time there is an open trading window for COM DEV shares.

Long-term incentive plans

The following details the RSUs and PSUs for the nine months ended:

	July 31, 2015		August 1, 2014	
	RSU	PSU	RSU	PSU
Opening balance as at October 31,	-	-	12,438	2,739
Granted	-	-	-	-
Settled	-	-	(12,438)	(2,055)
Forfeited	-	-	-	(684)
Ending balance	-	-	-	-

For the three and nine months ended July 31, 2015, compensation expense of nil and nil (2014 – nil and $2) was recognized.

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

8. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Company has commitments under lease agreements as follows:

	less than 1 year	1 to 5 years	after 5 years
Facilities	18	-	-
Dell computer lease	32	63	-
Total	50	63	-

Capital commitments

As at July 31, 2015, capital commitments in respect of the purchase of property, plant and equipment were $3,851. There were no other material capital commitments outstanding as at July 31, 2015.

In-kind contribution commitment

The Company has entered into an arrangement effective March 17, 2015 and has committed to provide in-kind datasets, not licensed for commercial use, in exchange for title to the EV9 satellite, subject to certain restrictions on the use, sale or transfer of the satellite within the six-year period ending March 31, 2021. Once the contributions are made and the six year period has expired, the Company will have free title to the EV9 satellite. No datasets have been transferred as at July 31, 2015.

Claims or legal actions

The Company does not have any outstanding claims or legal actions.

9. INCOME TAXES

For the three and nine months ended July 31, 2015, the Company's effective income tax rate of nil% (2014 – nil%) differs from the combined federal and provincial income tax rate of 26.5% (2014 – 26.5%) primarily as a result of the Company incurring losses during prior periods on which no tax recovery was recorded because the deferred tax asset was not considered to be probable of being realized.

10. EMPLOYEE BENEFITS

Defined contribution pension plan

The Company has a defined contribution pension plan for its employees. During the three and nine months ended July 31, 2015, the Company's contributions, which are based on the contributions by employees, were $48 and $135 (2014 – $38 and $113) and are included in "Selling, general and administrative" expenses in the consolidated statement of comprehensive loss.

Long-term profit sharing plan

The Company has a long-term profit sharing plan for certain of its employees. During the three and nine months ended July 31, 2015, the expenses recognized based on the forecasted net income was $203 and $609 (2014 – $44 and $132).

Salaries and benefits

Total salaries and employee benefit expense for the three and nine months ended July 31, 2015 were $2,018 and $6,049 (2014 - $1,832 and $5,152).

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

11. CONSTRUCTION CONTRACT REVENUE

The following details the construction contracts in progress

		July 31, 2015		October 31, 2014
Percentage of completion revenue contracts				
Costs incurred	$	1,773	$	692
Estimated earnings		1,938		1,375
Progress billings		(2,302)		(769)
Total contracts in progress	$	1,409	$	1,298
Disclosed as:				
Unbilled revenue		1,434	$	1,549
Deferred revenue		(25)		(251)
	$	1,409	$	1,298

The unbilled revenue and deferred revenue from construction contracts are included in unbilled revenue and deferred revenue in the consolidated statement of financial position. The amount of contract revenue recognized in the three and nine months ended July 31, 2015 was $570 and $1,314 (August 1, 2014 – $385 and $1,177).

12. RELATED PARTIES

The following table details the transactions and balances between the Company and COM DEV (and its subsidiaries).

For the three months ended:		July 31, 2015		August 1, 2014
Purchase of services	$	195	$	165
Purchase of property, plant and equipment		35		95
Rent		18		18
Interest charged by COM DEV		606		151
Revenue from COM DEV		-		278

For the nine months ended:		July 31, 2015		August 1, 2014
Purchase of services	$	567	$	484
Purchase of property, plant and equipment		126		6,046
Rent		54		54
Interest charged by COM DEV		1,755		437
Revenue from COM DEV		33		638

As at:		July 31, 2015		October 31, 2014
Accounts payable	$	20,848	$	19,683
Outstanding term loan		14,077		7,616
Accounts receivable		-		57

The accounts payable to COM DEV include $233 (2014 – $58) classified as current and $20,615 (2014 – $19,625) classified as long-term. COM DEV has formally agreed to waive its right to demand repayment of the portion of accounts payable classified as long-term until August 1, 2016.

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

On November 1, 2014, COM DEV began charging interest on the value of certain accounts payable owing by the Company. For the three and nine months ended July 31, 2015, total interest charged with respect to this deferred balance was $365 and $1,096, of which $270 and $791 was capitalized through assets under construction.

On June 23, 2015, the Company exchanged the existing license from COM DEV to the decollision software intangible asset for title to the decollision software. In return, exactEarth granted COM DEV an exclusive, perpetual, world-wide, royalty-free license for use of the decollision software outside of the AIS data application field. This non-monetary transaction has no impact on future use of or cash flows from the decollision software for the Company.

The following table details transactions and balances between the Company and Hisdesat.

For the three months ended:		July 31, 2015		August 1, 2014
Interest charged by Hisdesat	$	144	$	55
Purchase of property, plant and equipment		4,528		-
Revenue from Hisdesat		8		167

For the nine months ended:		July 31, 2015		August 1, 2014
Interest charged by Hisdesat	$	295	$	160
Purchase of property, plant and equipment		4,528		-
Revenue from Hisdesat		78		325

As at:		July 31, 2015		October 31, 2014
Accounts payable	$	4,754	$	-
Outstanding term loan		5,150		2,768

On June 1, 2015, exactEarth recorded a payable to Hisdesat related to the purchase of property, plant and equipment. The accounts payable is deferred to August 1, 2016 and bears interest at 8%. For the three months ended July 31, 2015, total interest charged with respect to this deferred balance was $57, which was capitalized through assets under construction.

13. SEGMENT AND GEOGRAPHIC INFORMATION

Revenue by product type

Revenue is divided into three categories based on the types of products sold. Subscription Services are recognized over the life of the contract term, Data Products are sold on-demand and recognized on delivery, and Other Products and Services include various other revenue streams and are recognized based on the contract terms.

For the three months ended:		July 31, 2015		August 1, 2014
Subscription Services	$	5,136	$	3,175
Data Products		1,891		73
Other Products & Services		754		395
	$	7,781	$	3,643

(in thousands of Canadian dollars, except where otherwise noted and per share figures)

For the nine months ended:	July 31, 2015	August 1, 2014
Subscription Services	$ 15,295	$ 8,959
Data Products	2,231	1,162
Other Products & Services	1,612	1,248
	$ 19,138	$ 11,369

Geographic Information

Revenue by geography is based on where the customer is located.

For the three months ended:	July 31, 2015	August 1, 2014
Canada	$ 3,253	$ 1,236
United States	2,030	378
Europe	1,595	1,261
Other	903	768
	$ 7,781	$ 3,643

For the nine months ended:	July 31, 2015	August 1, 2014
Canada	$ 9,863	$ 4,630
United States	2,374	919
Europe	4,322	3,568
Other	2.579	2,252
	$ 19,138	$ 11,369

For the three months ended July 31, 2015, two customers comprised 61% of revenue, and for the nine months ended July 31, 2015, one customer comprised 50% of revenue (2014 - three customers comprised 54% and 60%).

Property, plant and equipment is attributed to the country in which it is located or, for spaced based assets, the country in which it is owned. Intangible assets are attributed to the country where ownership of the asset resides.

	July 31, 2015	October 31, 2014
Property, Plant and Equipment		
Canada	$ 47,387	$ 40,400
United Kingdom	474	458
	$ 47,861	$ 40,858
Intangible Assets		
Canada	$ 24,086	$ 14,370
United Kingdom	-	-
	$ 24,086	$ 14,370

14. EQUITY TRANSACTION COSTS

During the first three quarters of 2015, the Company incurred certain legal, accounting and other professional fees related to the planned initial public offering of the Company's shares. Of these transaction costs, $1,089 are incremental costs directly attributable to an equity transaction and have been deferred in the consolidated statement of financial position. When the

equity transaction is completed, these costs will be accounted for as a deduction from equity. A portion of the costs incurred in the amount of $1,574 related to shares previously issued, have been recorded as an expense in the nine months ended July 31, 2015 in the interim consolidated statement of comprehensive loss.

15. SUBSEQUENT EVENTS

Subsequent to the third quarter of fiscal 2015, plans to complete an initial public offering were amended in favour of an alternate transaction. COM DEV International Ltd. has proposed a spin out of exactEarth Ltd. pending approval of their shareholders and the regulators. If the probability of the spin out succeeding becomes likely, the equity transaction costs currently deferred in the consolidated statement of financial position would be recorded as expense.

APPENDIX F – SECTION 190 OF THE CBCA

Right to dissent – s. 190(1)
(1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

> (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
> (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
> (c) amalgamate otherwise than under section 184;
> (d) be continued under section 188;
> (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
> (f) carry out a going-private transaction or a squeeze-out transaction.

Further right - s. 190(2)
(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares -- s. 190(2.1)
(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares -- s. 190(3)
(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent -- s. 190(4)
(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection -- s. 190(5)
(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution -- s. 190(6)
(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment -- s. 190(7)
(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

> (a) the shareholder's name and address;
> (b) the number and class of shares in respect of which the shareholder dissents; and
> (c) a demand for payment of the fair value of such shares.

Share certificate -- s. 190(8)
(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture -- s. 190(9)
(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate -- s. 190(10)
(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights -- s. 190(11)
(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

> (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
> (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
> (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay -- s. 190(12)
(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

> (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
> (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms -- s. 190(13)
(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment -- s. 190(14)
(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court -- s. 190(15)
(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court -- s. 190(16)
(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue -- s. 190(17)
(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs -- s. 190(18)
(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties -- s. 190(19)
(19) On an application to a court under subsection (15) or (16),

> (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
> (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court -- s. 190(20)
(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers -- s. 190(21)
(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order -- s. 190(22)
(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest -- s. 190(23)
(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies -- s. 190(24)
(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies -- s. 190(25)
(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

> (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
> (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation -- s. 190(26)
(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

> (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
> (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR

North America Toll Free

1-877-452-7184

Collect Calls Outside North America

416-304-0211

Email: assistance@laurelhill.com