

**PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 4:30 P.M. (CALGARY TIME) ON NOVEMBER 14, 2017.**

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

*This is the Circular we referred to in the October 20, 2017 rights offering notice (the "**Notice**"), which you should have already received. Your rights certificate and relevant forms were enclosed with the Notice. This Circular should be read in conjunction with the Notice and CSRI's continuous disclosure prior to making an investment decision.*

*The offer of these securities is being made in all provinces and territories of Canada (the "**Qualified Jurisdictions**"). The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and they will not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S of the U.S. Securities Act), except in exempt transactions under the U.S. Securities Act. This offering does not constitute an offer to sell or a solicitation of an offer to buy any of those securities in the United States. In addition, the offering is not being made in jurisdictions where Canadian Spirit Resources Inc. is not eligible to make such offer.*

**Rights Offering Circular**

**October 20, 2017**



**CANADIAN SPIRIT RESOURCES INC.**

**We currently have sufficient working capital to last 3 months. We require 61% of the Offering to last 12 months.**

### **SUMMARY OF THE OFFERING**

#### ***Why are you reading this Circular?***

Canadian Spirit Resources Inc. ("**CSRI**" or the "**Corporation**") is issuing to the holders (the "**Shareholders**") of its outstanding common shares (the "**Common Shares**") at the close of business (Calgary time) on October 27, 2017 (the "**Record Date**") an aggregate of 159,458,860 transferable rights (each, a "**Right**") to subscribe for an aggregate of 16,785,143 Common Shares (the "**Rights Shares**") on the terms set forth herein (the "**Offering**").

This Circular describes details of the Offering and is referred to in the Notice that you have received regarding the Offering.

Enquiries relating to this Offering should be directed to the Corporation as follows: J. R. Richard Couillard, President and Chief Executive Officer at (403) 539-5005 or rich.couillard@csri.ca.

#### ***What is being offered?***

An aggregate of 159,458,860 Rights are being issued by the Corporation to purchase an aggregate of 16,785,143 Rights Shares. Rights will be evidenced by rights certificates in registered form (each, a "**Rights Certificate**"). Each Shareholder of record at the close of business (Calgary time) on the Record Date, being October 27, 2017, will receive one (1) Right for every one (1) Common Share held on the Record Date.

***What do nine and one-half (9½) Rights entitle you to receive?***

Nine and one-half (9½) Rights will entitle the holder thereof to purchase one (1) Rights Share (the "**Basic Subscription Privilege**"). In the event that a Shareholder exercises the Basic Subscription Privilege in respect of all of the Rights issued to such Shareholder, the Shareholder is entitled to exercise additional Rights (the "**Additional Rights**") on a pro rata basis, if available, pursuant to the additional subscription privilege (the "**Additional Subscription Privilege**"). The number of Additional Rights available will be the difference, if any, between the total number of Rights that were issued pursuant to the Offering and the total number of Rights exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time (as defined below) on the Expiry Date (as defined below) (see "*What is the additional subscription privilege and how can you exercise this privilege?*").

***What is the subscription price?***

A holder of nine and one-half (9½) Rights must pay \$0.12 (the "**Subscription Price**") to exercise the Rights and purchase one (1) Rights Share. The Subscription Price must be paid in the lawful currency of Canada.

On October 19, 2017, being the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX Venture Exchange ("**TSX-V**") was \$0.14.

***When does the Offering expire?***

The Offering will expire at 4:30 p.m. (Calgary time) (the "**Expiry Time**") on November 14, 2017 (the "**Expiry Date**") after which time the unexercised Rights will be void and of no value.

The Corporation reserves the right to extend the Expiry Time and Expiry Date, in its sole discretion, subject to obtaining any required regulatory approvals, if the Corporation determines that the timely exercise of the Rights may have been prejudiced due to disruption in postal service.

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

Nine and one-half (9½) Rights will entitle the holder thereof to purchase one (1) Rights Share at the Subscription Price. Rights not exercised by the Expiry Time will be void and of no value.

A Right does not entitle the holder thereof to any rights whatsoever as a securityholder of the Corporation other than the right to subscribe for and purchase Rights Shares on the terms and conditions of the Rights described herein.

The holders of the Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive rateably such dividends, if any, as and when declared by the board of directors of the Corporation at its discretion from funds legally available therefore. Upon any liquidation, dissolution or winding-up of the Corporation, the holders of the Common Shares are entitled, subject to the rights of holders of any class of shares ranking senior to or rateably with the Common Shares in respect of any liquidation, dissolution or winding-up of the Corporation, to share rateably in the remaining assets of the Corporation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights.

As at the date hereof, there were 159,458,860 issued and outstanding Common Shares.

***What are the minimum and maximum numbers or amount of Common Shares that may be issued under the Offering?***

The Offering is not subject to any minimum subscription level. Assuming the exercise of all Rights, a maximum of 16,785,143 Rights Shares will be issued in connection with the Offering (subject to adjustment for rounding).

***Where will the Rights and the Common Shares issuable upon exercise of the Rights be listed for trading?***

The Common Shares are listed for trading on the TSX-V under the symbol "SPI" and will commence trading "ex-rights" on October 26, 2017, being one trading day prior to the Record Date. The Rights will be listed for trading on the TSX-V under the trading symbol "SPI.RT" and will be posted for trading on the TSX-V until the Expiry Time on the Expiry Date.

**USE OF AVAILABLE FUNDS**

***What will CSRI's available funds be upon closing of the Offering?***

CSRI estimates that it will have the following funds available after giving effect to the Offering:

		<b>Assuming 15% of the Offering</b>	<b>Assuming 50% of the Offering</b>	<b>Assuming 75% of the Offering</b>	<b>Assuming 100% of the Offering</b>
A	Amount to be raised by the Offering	\$302,133	\$1,007,109	\$1,510,663	\$2,014,217
B	Selling commissions and fees	N/A	N/A	N/A	N/A
C	Estimated offering costs (e.g., legal, regulatory, rights agent)	\$65,000	\$65,000	\$65,000	\$65,000
D	Available funds: $D = A - (B + C)$	\$237,133	\$942,109	\$1,445,663	\$1,949,217
E	Additional sources of funding required	N/A	N/A	N/A	N/A
F	Working capital deficiency (surplus)	(\$350,000)	(\$350,000)	(\$350,000)	(\$350,000)
G	Total: $G = (D + E) - F$	\$587,133	\$1,292,109	\$1,795,663	\$2,299,217

***How will CSRI use the available funds?***

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming 15% of the Offering</b>	<b>Assuming 50% of the Offering</b>	<b>Assuming 75% of the Offering</b>	<b>Assuming 100% of the Offering</b>
Corporate G&A expenses <sup>(1)</sup>	\$510,000	\$765,000	\$1,105,000	\$1,530,000
On-going field operating and technical (geological, engineering, land) expenses <sup>(1)</sup>	\$77,133	\$527,109	\$690,663	\$769,217

Note: (1) The expected general and administrative and on-going technical expenses to be expended by the Corporation are to continue its operations in support of the land resource and existing wells and facilities currently under production (including the provision of geological, geophysical, engineering and land services).

If 15% of the Offering is taken up, the Corporation will only have sufficient funds to pay for a portion of its general and administrative expenses. At this threshold, basic office costs, payroll and certain consulting fees will be prioritized, and the funds, absent any other sources of funding, would last for approximately 6 months. If 50% of the Offering is taken up, the Corporation will have the ability to pay for all of its estimated general and administrative costs for the next 9 months. If 75% of the Offering is taken up, the Corporation will have the ability to pay for all of its general and administrative costs for approximately 13 months. Only current ongoing general and administrative costs critical for the ongoing support of basic operations will be paid for. The Offering, if fully subscribed, will provide the funds required to meet all of the Corporation's short-term liquidity requirements.

The Corporation currently has monthly G&A requirements of approximately \$85,000. The Corporation is taking steps to minimize the G&A while retaining sufficient resources to maintain the Corporation's lands, wells and facilities. Actions to reduce G&A have included signing an office lease extension beyond September 2017 at a reduced rate,

maintaining administrative staff on a four-day work week, reducing the level of executive officer salaries, and other initiatives.

The Corporation intends to spend the available funds from the Offering as stated and will reallocate funds only for sound business reasons.

**Notwithstanding anything stated herein to the contrary, there are material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern.**

*How long will the available funds last?*

The anticipated proceeds of the Offering will provide funds for G&A expenses and on-going required technical expenses. If the maximum proceeds of the Offering of \$2,014,217 are raised, the Corporation will have additional funds for G&A expenses and other corporate purposes. The Corporation has ongoing monthly expenses of approximately \$125,000 for both technical as well as general and administrative expenses incurred to conduct the Corporation's operations, to administer and pay annual rental for mineral rights on the Corporation's 100% working interest and joint venture lands base and to conduct the technical work required to monitor current well production and plan for future field operations.

**INSIDER PARTICIPATION**

*Will insiders be participating?*

The Corporation's directors, executive officers and control person have indicated their intention to participate in the Offering.

This reflects the intentions of such insiders (as defined in applicable Canadian securities legislation) as of the date hereof to the extent such intentions are reasonably known to the Corporation, however such insiders may alter their intentions before the Expiry Time on the Expiry Date. No assurance can be given that the respective insiders will exercise their Rights to acquire Rights Shares.

**As at the date hereof, six insiders of the Corporation, own or exercise control or direction over, directly or indirectly, 68,879,209 Common Shares, representing approximately 43.2% of the issued and outstanding Common Shares. In the event that these six insiders purchase 7,250,443 Rights Shares pursuant to the Basic Subscription Privilege, these insiders would own an aggregate of 76,129,652 Common Shares. If no other shareholders were to exercise Rights under the Offering, these insiders would increase their ownership of the Common Shares to approximately 45.7% of the outstanding Common Shares after completion of the Offering.**

*Who are the holders of 10% or more of the Common Shares before and after the Offering?*

To the knowledge of the directors and executive officers of CSRI, as at the date hereof, no person or company beneficially owns, directly or indirectly, or controls or directs more than 10% of any class of voting securities of the Corporation, other than as set out below.

Shareholder	Holdings before the Offering	Percentage before the Offering
Elmag Investments Inc.	59,556,166	37.3%

**DILUTION**

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

If you fail to exercise your Rights and all other Shareholders fully exercise their Basic Subscription Privilege, your percentage ownership of the Common Shares will be diluted by approximately 9.5%.

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Rights Shares to which you are entitled under the Basic Subscription Privilege.

## HOW TO EXERCISE THE RIGHTS

### *How does a securityholder that is a registered holder participate in the Offering?*

The Notice for the Offering has been sent to Shareholders in the Qualified Jurisdictions. For Common Shares held in registered form, a Rights Certificate evidencing the number of Rights to which a Shareholder is entitled has been included with the Notice. In order to exercise the Rights represented by the Rights Certificate, a holder of Rights must complete and deliver the Rights Certificate to the offices of Computershare Investor Services Inc. (the "**Rights Agent**") by mail to Computershare Investor Services Inc., P.O. Box 7021, 31 Adelaide Street E, Toronto, Ontario M5C 3H2, or by hand, courier or registered mail at Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Corporate Actions (each an "**Applicable Subscription Office**"), before the Expiry Time on the Expiry Date in the manner and upon the terms set out in the Rights Certificate.

Each Rights Certificate indicates the number of Rights to which the Rights Certificate holder is entitled. By completing the appropriate form appearing on the front of the Rights Certificate in accordance with the instructions outlined on the Rights Certificate, a Rights Certificate holder may: (i) subscribe for Rights Shares (Form 1); (ii) subscribe for Additional Rights (Form 2); (iii) sell or transfer Rights (Form 3); or (iv) divide or combine the Rights Certificate (Form 4).

Rights Certificates will expire and be of no value unless they are returned with a properly completed Form 1, 2, 3 or 4, as the case may be, and received with payment for the Rights Shares subscribed for, at the office of the Rights Agent located at the Applicable Subscription Office, Attention: Corporate Actions, before the Expiry Time.

The Subscription Price may be paid by certified cheque, bank draft or money order made payable to "Computershare Investor Services Inc." All payments, together with Form 1 and Form 2 duly completed on the Rights Certificate, must be received by the Rights Agent at or before the Expiry time.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscriptions will be determined by the Corporation in its sole discretion, and any determination by the Corporation will be final and binding. All subscriptions are irrevocable. The Corporation reserves the absolute right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be deemed unlawful. The Corporation also reserves the right to waive any defect in respect of any particular subscription. The Corporation is not nor will be under any duty to give any notice of any defect or irregularity in any subscription, nor will they be liable for the failure to give any such notice.

Certificates for Common Shares issued upon exercise of Rights in accordance with the Offering, including Common Shares purchased through the Additional Subscription Privilege, will be registered in the name of the person to whom the Rights Certificate was issued or to whom the Rights were transferred in accordance with the terms thereof, and mailed to the address of the subscriber for the Common Shares as stated on the Rights Certificate, unless otherwise directed, as soon as practicable after the Expiry Date. Once mailed or delivered in accordance with the instructions of the subscriber, the Corporation assumes no further responsibility for the Common Share certificates.

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

For Common Shares held through a securities broker or dealer, bank or trust company or other participant (a "**CDS Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"), a Shareholder may subscribe for Rights Shares by instructing the CDS Participant holding the Shareholder's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Rights Share subscribed for to such CDS Participant in accordance with the terms of the Offering. A Shareholder wishing to subscribe for Additional Rights pursuant to exercise the Additional Subscription Privilege must forward its request to the CDS Participant that holds the subscriber's Rights prior to the Expiry Time, along with payment for the number of Additional Rights requested. Any excess funds will be returned by mail or credited to the Shareholder's account with

its CDS Participant without interest or deduction. Subscriptions for Rights Shares made through a CDS Participant will be irrevocable and Shareholders will be unable to withdraw their subscriptions for Rights Shares once submitted. CDS Participants may have an earlier deadline for receipt of instructions and payment than the Expiry Time.

Only registered Shareholders will be provided with Rights Certificates. For all non-registered, beneficial Shareholders who hold their Common Shares through a CDS Participant in the book-based systems administered by CDS, a global certificate representing the total number of Rights to which all such Shareholders as at the Record Date are entitled will be issued in registered form to, and deposited with, CDS. The Corporation expects that each beneficial Shareholder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

Shareholders who hold their Common Shares through a CDS Participant must arrange for exercises, purchases or transfers of Rights through their CDS Participant and should contact the CDS Participant to instruct them accordingly. It is anticipated by the Corporation that each purchaser of Rights or Rights Shares will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Rights are issued or such Rights or Rights Shares are purchased in accordance with the practices and policies of such CDS Participant.

Beneficial Shareholders in the Qualified Jurisdictions may also accept the Offering in the Qualified Jurisdictions by following the procedures for book-based transfer, provided that a confirmation of the book-based transfer of their Rights through CDS on-line tendering system into the Corporation's account at CDS, is received by the Corporation prior to the Expiry Time. The Corporation has established an account at CDS for the purpose of the Offering. Any financial institution that is a participant in CDS may cause CDS to make a book-based transfer of a holder's Rights into the Corporation's account in accordance with CDS procedures for such transfer. Delivery of Rights using the CDS book-based transfer system will constitute a valid tender under the Offering.

Beneficial Shareholders in the Qualified Jurisdictions, through their respective CDS participants, who utilize the CDS on-line system to accept the Offering through a book-based transfer of their Rights into the Corporation's account with CDS are deemed to have completed a Rights Certificate and therefore such instructions received by the Corporation are considered as a valid tender in accordance with the terms of the Offering.

The Corporation will not have any liability for: (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by them; (ii) maintaining, supervising or reviewing any records relating to such Rights; or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or their CDS Participants.

### ***Who is eligible to receive Rights?***

The Offering is only being made to Shareholders resident in the Qualified Jurisdictions. The Rights and Rights Shares issuable upon exercise of the Rights are not being offered to persons who are or appear to be, or the Corporation has reason to believe are, resident in any jurisdictions (the "**Non-Participating Jurisdictions**") other than the Qualified Jurisdictions except in respect to exempt transactions under the *United States Securities Act of 1933*, as amended, or in respect of exempt transactions under other applicable legislation (the "**Exempt Transactions**") nor will the Corporation accept subscriptions from any Shareholder or from any transferee of Rights who is or appears to be, or who the Corporation has reason to believe is, resident in a Non-Participating Jurisdiction other than in respect to Exempt Transactions. Rights Certificates will not be distributed to any Shareholders whose addresses of record are in any Non-Participating Jurisdictions other than in respect to Exempt Transactions ("**Ineligible Shareholders**"). Rights may not be exercised by or on behalf of an Ineligible Shareholder. CDS Participants may not issue Rights to Ineligible Shareholders.

Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Corporation. A registered Ineligible Shareholder whose address of record is outside the Qualified Jurisdictions but who holds Common Shares on behalf of a holder who is eligible to participate in the Offering must notify the Corporation, in writing, on or before the tenth day prior to the Expiry Date if such beneficial holder wishes to participate in the Offering.

Rights delivered to brokers, dealers or other intermediaries may not be delivered by those intermediaries to beneficial Shareholders who are resident in Non-Participating Jurisdictions. Intermediaries receiving Rights that would otherwise be deliverable to Ineligible Shareholders may attempt to sell those rights for the accounts of such Ineligible Shareholders and should deliver the proceeds of sale to such persons.

***What is the additional subscription privilege and how can you exercise this privilege?***

A holder of a Rights Certificate who is not an Ineligible Shareholder and who has exercised all the Rights evidenced by such Rights Certificate may exercise Additional Rights, if available, at a price equal to the Subscription Price. The number of Additional Rights available will be the difference, if any, between the total number of Rights that were issued pursuant to the Offering and the total number of Rights validly exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date. Subscriptions for the exercise of Additional Rights will be received subject to allotment only and the number of Additional Rights, if any, that may be allotted to each subscriber will be equal to the lesser of; (i) the number of Additional Rights that such subscriber has exercised under the Additional Subscription Privilege; and (ii) the product (disregarding fractions, if any) obtained by multiplying the number of Additional Rights available to be issued by a fraction, the numerator of which is the number of Rights previously exercised by the subscriber pursuant to the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights previously exercised pursuant to the Basic Subscription Privilege by all holders of Rights who have exercised and paid for Additional Rights. If any Rights holder has exercised fewer Additional Rights than such Rights holder's pro rata allotment of Additional Rights, the excess Additional Rights will be allotted in a similar manner among the Rights holders who were allotted fewer Additional Rights than they exercised.

To exercise Additional Rights under the Additional Subscription Privilege, a Rights holder must (i) complete Form 2 of the Rights Certificate, and (ii) deliver the Rights Certificate, together with payment for those Additional Rights, to the Rights Agent at or before the Expiry Time.

If payment for all Additional Rights subscribed for pursuant to the Additional Subscription Privilege does not accompany the subscription, the over-subscription will be invalid.

If the Offering is fully subscribed, then the funds included for any over-subscriptions will be returned by the Corporation to the relevant Shareholders. If the Offering is not fully subscribed, certificates representing Rights Shares due to Shareholders as a result of over-subscriptions will be delivered by the Corporation together with the certificates representing Rights Shares due to those Shareholders pursuant to their subscriptions in accordance with the Basic Subscription Privilege. In addition, the Corporation will return to any over-subscribing Shareholder within 30 calendar days of the Expiry Date any excess funds paid in respect of an over-subscription for Rights Shares where the number of additional Rights Shares available to that Shareholder is less than the number of Additional Rights exercised. No interest will be payable by the Corporation in respect of any excess funds returned to Shareholders.

***How does a Rights holder sell or transfer Rights?***

The Rights will be listed for trading on the TSX-V under the trading symbol "SPLRT" until the Expiry Time on the Expiry Date. Holders of Rights Certificates or beneficial holders of Rights wishing to sell or transact their rights, can do so through any registered broker/dealer in Canada or through an approved agent, and should seek independent legal counsel to advise before any such transaction. Any commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for services to be performed by the Rights Agent as described herein) is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

***When can you trade Common Shares issuable upon the exercise of your Rights?***

The Rights will generally be free-trading and listed and posted for trading on the TSX-V under the trading symbol "SPLRT" until the Expiry Time on the Expiry Date. All Common Shares issuable on exercise of the Rights will be listed and posted for trading on the TSX-V under the symbol "SPI" as soon as practicable after closing of the Offering.

***Are there restrictions on the resale of Rights and Common Shares?***

The Rights being issued hereunder and the Rights Shares issuable upon exercise of the Rights (collectively, the "**Securities**") are being distributed by the Corporation in the Qualified Jurisdictions pursuant to exemptions from the registration and prospectus requirements under securities legislation in the Qualified Jurisdictions. Resale of the Securities may be subject to restrictions pursuant to applicable securities legislation then in force. Set out below is a general summary of the restrictions governing first trades in the Common Shares in the Qualified Jurisdictions. Additional restrictions may apply to "insiders" of the Corporation and holders of the Common Shares who are "control persons" or the equivalent or who are deemed to be part of what is commonly referred to as a "control block" in respect of the Corporation for purposes of securities legislation. Each holder of Rights is urged to consult his or her professional advisors to determine the exact conditions and restrictions applicable to trades of the Common Shares.

Generally, the first trade of any of the Securities will be exempt from the prospectus requirements of securities legislation in the Qualified Jurisdictions if: (i) the Corporation is and has been a "reporting issuer" in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) the trade is not a "control distribution" as defined in applicable securities legislation; (iii) no unusual effort is made to prepare the market or to create a demand for the Securities; (iv) no extraordinary commission or other consideration is paid in respect of such trade; and (v) if the seller is an insider or officer of the Corporation, the seller has no reasonable grounds to believe that the Corporation is in default of applicable securities legislation.

If such conditions have not been met, then the Common Shares may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances. As at the date hereof the Corporation has been a reporting issuer for more than four months in each of the following provinces of Canada: British Columbia, Alberta, Manitoba, Ontario, and Québec.

Neither the Rights nor the Rights Shares issuable on exercise of the Rights have been or will be registered under the *United States Securities Act of 1933*, as amended, and they may not be offered or re-offered or sold or re-sold within the United States except pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended.

The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights should consult with their advisors concerning restrictions on resale, and should not resell their Securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

***Will CSRI issue fractional underlying Common Shares upon exercise of the Rights?***

The Corporation will not issue fractional Rights Shares upon the exercise of Rights. Where the issuance of Rights would otherwise entitle the holder of Rights to fractional Rights Shares, the holder's entitlement will be reduced to the next lowest whole number of Rights Shares, with no additional compensation.

**APPOINTMENT OF DEPOSITORY**

***Who is the depository?***

Computershare Investor Services Inc. has been appointed to act as the depository and the Subscription Agent for the Offering and to: (i) receive subscriptions and payments from Rights holders for the Common Shares subscribed for under the Basic Subscription Privilege and, if applicable, the Additional Subscription Privilege; (ii) perform the services relating to the exercise and transfer of the Rights, including the issue of Common Shares; and (iii) use its commercially reasonable efforts to sell Rights issued to Ineligible Holders and to deliver the proceeds thereof to such Ineligible Holders. The Subscription Agent will hold all funds received in payment for Common Shares subscribed for on exercise of Rights in a segregated account pending completion of the Offering, failing which such funds will be returned (without interest) to the applicable subscriber or CDS Participants. The Corporation will pay for all such services of the Subscription Agent. The Subscription Agent will accept subscriptions for Common Shares and payment of the Subscription Price from Rights holders by hand, courier or registered mail at the applicable office of the Subscription Agent:



**By Mail:**

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

Attention: Corporate Actions

**By Hand, by Courier or by Registered Mail:**

Computershare Investor Services Inc.  
8<sup>th</sup> Floor, 100 University Avenue  
Toronto, Ontario M5J 2Y1

Attention: Corporate Actions

Enquiries relating to the Offering should be addressed to the Subscription Agent by telephone at 1-800-564-6253 or by sending an email to [corporateactions@computershare.com](mailto:corporateactions@computershare.com).

The method of delivery of Rights Certificates and funds to the Subscription Agent is at the discretion of the Rights holder. Neither the Subscription Agent nor the Corporation will be liable for the failure to deliver or the delivery of Rights Certificates or funds to an address other than the address set out above. Delivery to an address other than the address set out above may result in a subscription for Common Shares or a transfer of Rights not being accepted. If mail is used, registered mail is recommended.

**ADDITIONAL INFORMATION**

***Where can you find more information about CSRI?***

Further information regarding the Corporation, its activities and its financial results, including copies of the financial statements and other continuous disclosure documents filed by the Corporation with applicable Canadian securities regulatory authorities, may be obtained under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**FORWARD-LOOKING STATEMENTS**

This Circular contains forward-looking statements that relate to the Corporation's current expectations and view of future events. The forward-looking statements are contained principally in the sections titled "*What will CSRI's available funds be upon closing of the Offering?*", "*How will CSRI use the available funds?*" and "*How long will the available funds last?*"

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "could", "will", "expect", "anticipate", "intend", "plan", "believe", "estimate" or "project". The Corporation has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to: (i) the funds to be raised under the Offering; (ii) estimated costs of the Offering; (iii) available funds to the Corporation after expenses of the Offering; (iv) additional sources of required funding for the Corporation; (v) the use of the funds raised under the Offering; (vi) the Corporation's estimate of how long the funds raised in the Offering will last from the Expiry Date; (vii) the intention of insiders to exercise their Rights; and (viii) estimated G&A requirements.

The forward-looking statements are based on a number of key expectations and assumptions made by the Corporation's management relating to the Corporation including, but not limited to: (i) the estimated costs of the Offering; (ii) the estimated amount of funds raised under the Offering; and (iii) the operating expenses of the Corporation following the Expiry Date. These assumptions are subject to risks and uncertainties.

Although the Corporation believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, Shareholders should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Corporation's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, which include: (i) the actual costs incurred in the Offering; (ii) the actual amount of funds raised under the Offering; and (iii) the actual operating expenses of the Corporation for the 12-month period following the Expiry Date. These risks, uncertainties, assumptions and other factors could cause the Corporation's actual results, performance, achievements and experience to differ materially from the Corporation's expectations,

future results, performances or achievements expressed or implied by the forward-looking statements. In light of the significant risks and uncertainties in the forward-looking statements, Shareholders should not place undue reliance on or regard these statements as a representation or warranty by the Corporation or any other person that the Corporation will achieve its objectives, strategies and plans in any specified time frame, if at all.

The forward-looking statements made in this Circular relate only to events or information as of the date on which the statements are made in this Circular. Except as required by law, the Corporation undertakes no obligation to update or revise publicly or otherwise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. A Shareholder should read this Circular with the understanding that the Corporation's actual future results may be materially different from what it expects. Future-oriented financial information in this Circular relates to the Corporation's view of future events and is not appropriate to use for other purposes.

*All amounts herein are presented in Canadian dollars, unless otherwise stated.*

#### **MATERIAL FACTS AND MATERIAL CHANGES**

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