

## Overview of COTI's share consolidation

A share consolidation, also known as a reverse stock split, is a corporate action which reduces the total number of a company's outstanding shares

- In a share consolidation, the company combines its shares by a chosen ratio. In our case, COTI will consolidate its issued and outstanding shares by a ratio of 10:1
  - The Company currently has 149,158,435 issued and outstanding common shares. The Company will have approximately 14,915,844 common shares issued and outstanding following the consolidation
- The share consolidation also increases the price of the Company's shares by a ratio of 10:1, and as a result the market capitalization of the Company will be unchanged upon completion of the consolidation

## Why did COTI choose to consolidate its shares?

COTI chose to consolidate shares to provide the Company with more flexibility to attract a broader base of investors to support future equity financings

- Institutional investors, such as endowments, banks, pensions and mutual funds, generally have rules preventing investments in securities that trade below a minimum price
- Institutional investors can make large, long-term investments which would be beneficial to the financial health of the Company

## Who does this share consolidation affect?

This share consolidation affects all security holders in COTI including common shareholders, warrant holders and option holders. All of these securities will be consolidated on a 10:1 basis.

## How does this share consolidation affect COTI shareholders?

- Registered shareholders will receive a letter of transmittal after the effective date of consolidation
  - The letter of transmittal provides direction for registered shareholders to exchange pre-consolidation share certificates for post-consolidation share certificates
- COTI shareholders who hold their shares in brokerage accounts are not required to take any action
- Common share warrant holders and option holders will receive a Notice of Consolidation letter following the effective date of consolidation
  - No new warrant or option certificates will be issued. Retain the Notice of Consolidation and the original certificate, as both will be required at the time of exercise of the warrant/option

## When does this share consolidation take effect?

- COTI expects consolidated shares to begin trading on or around June 30, 2017, once approval is received from the TSX Venture Exchange