

**BLUMETRIC ENVIRONMENTAL INC.  
3108 Carp Road, Ottawa, Ontario, K0A 1L0**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of the Shareholders (the “Meeting”) of BluMetric Environmental Inc. (the “Corporation”) will be held at the Country Inn & Suites, 578 Terry Fox Drive, Ottawa, Ontario K2L 4G8, on Thursday, March 26, 2015 at 10:00 a.m. (EDT) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended September 30, 2014 and the auditors’ report thereon;
2. to elect the directors of the Corporation;
3. to appoint MNP LLP as auditors of the Corporation and to authorize the board of directors to fix their remuneration; and
4. to transact such further or other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice are the management proxy circular containing details of the matters to be dealt with at the Meeting, the audited consolidated financial statements of the Corporation for the financial year ended September 30, 2014 together with management’s discussion and analysis thereon, and a form of proxy.

Dated at Ottawa, Ontario, this 20th day of February, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**



(Signed) “Ian W. Malone”  
Secretary

In order to be represented by proxy at the Meeting you must complete and submit the enclosed Form of Proxy or other appropriate form of proxy.

**\*IMPORTANT NOTICE\***

**YOUR VOTE IS VERY IMPORTANT. THE BOARD OF DIRECTORS URGES YOU TO COMPLETE, SIGN, DATE AND RETURN TODAY THE ENCLOSED PROXY TO THE CORPORATION AT ITS OFFICE SET OUT ABOVE OR TO COMPUTERSHARE INVESTOR SERVICES, 100 UNIVERSITY AVENUE, 8th FLOOR, TORONTO, ONTARIO, M5J 2Y1 OR BY FACSIMILE AT 1-866-249-7775 OR BY INTERNET. IF YOU ARE ABLE TO ATTEND THE MEETING, SENDING YOUR PROXY WILL NOT PREVENT YOU FROM VOTING IN PERSON. IF YOUR SHARES ARE HELD IN THE NAME OF A BROKER OR NOMINEE, YOU MUST PROVIDE VOTING INSTRUCTIONS TO THE BROKER OR NOMINEE FOR YOUR SHARES TO BE REPRESENTED AT THE MEETING.**

**PLEASE RETURN YOUR PROXY BY 10:00 AM (EST) ON TUESDAY, MARCH 24, 2015 OR IF THE MEETING IS ADJOURNED, BY NO LATER THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) PRIOR TO WHEN THE ADJOURNMENT THEREOF IS TO BE HELD, OR YOUR PROXY MAY BE DEPOSITED WITH THE CHAIR OF THE MEETING AT ANY TIME PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF.**

**BLUMETRIC ENVIRONMENTAL INC.**  
**3108 Carp Road**  
**Ottawa, Ontario**  
**K0A 1L0**

**MANAGEMENT PROXY CIRCULAR**

**For the Annual Meeting of Shareholders to be held at 10:00 a.m. (EDT) on  
Thursday, March 26, 2015 at**

**Country Inn & Suites, 578 Terry Fox Drive, Ottawa, Ontario K2L 4G8**

**SOLICITATION OF PROXIES**

This management proxy circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of BluMetric Environmental Inc. (the "Corporation") for use at the Annual Meeting of Shareholders of the Corporation (the "Meeting") to be held at 10:00 a.m. (EDT) on March 26, 2015 at the Country Inn & Suites, 578 Terry Fox Drive, Ottawa, Ontario K2L 4G8 for the purposes set forth in the attached Notice of Meeting (the "Notice"). It is anticipated that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers, employees or representatives of the Corporation. The cost of such solicitation will be borne by the Corporation. The information contained herein is given as at February 20, 2015, unless otherwise indicated.

**VOTING AND DISCRETION OF PROXIES**

On any ballot that may be called for, the common shares of the Corporation (the "Common Shares") represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of management's nominees as directors and (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

**APPOINTMENT OF PROXIES**

Each shareholder has the right to appoint a person other than the persons designated in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation before the time of the Meeting or any adjournment thereof. If a shareholder of the Corporation appoints a person other than the persons designated in the

enclosed form of proxy to represent him, such person will vote the shares in respect of which he is appointed proxy-holder in accordance with the direction of the shareholder appointing him. In the absence of such direction, such person may vote such shares at his discretion. It is the responsibility of the shareholder appointing some other person to represent him to inform such person that he has been appointed.

## VOTING INSTRUCTIONS

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Corporation as owning Common Shares, can vote their Common Shares at the Meeting: in person at the Meeting or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, the form of proxy included with the Circular should not be completed or returned; rather, the Registered Shareholder should attend the Meeting where his or her vote will be taken and counted. Should the Registered Shareholder not wish to attend the meeting or not wish to vote in person, his or her shares may be voted by proxy through one of the methods described below and the shares represented by the proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the shares will be voted accordingly.

A Registered Shareholder may vote by proxy by using one of the following methods: (i) the enclosed paper form of proxy to be returned by mail or delivery, (ii) by facsimile, or (iii) by Internet. The methods of using each of these procedures are as follows:

*Voting by Mail or Delivery.* A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed form of proxy and depositing it with Computershare Investor Services Inc. (the “Transfer Agent”) using the envelope provided or by mailing or delivering it to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or to the Corporate Secretary of the Corporation at 3108 Carp Road, PO Box 430, Ottawa, ON K0A 1L0 **for receipt no later than 10:00 a.m. (EDT) on Tuesday, March 24, 2015**, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

*Voting by Facsimile.* A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to the Transfer Agent at 1-866-249-7775. The form of proxy **must be received by no later than 10:00 a.m. (EDT) on Tuesday, March 24, 2015**, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

*Voting by Internet.* A Registered Shareholder may vote by internet by accessing the following website: [www.voteproxyonline.com](http://www.voteproxyonline.com). When you logon to the site you will be required to input a control number as instructed on the logon page. Please see the additional information enclosed with the Circular. A Registered Shareholder **may vote by internet by no later than 10:00 a.m. (EDT) on Tuesday, March 24, 2015**, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

### **Non-Registered Shareholders (Beneficial Owners)**

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders. Only Registered Shareholders, or the person they appoint as their proxy, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Shareholder” or “Beneficial Owner”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency such as CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

Common Shares held by your broker or its nominee can only be voted upon your instructions. Without specific instructions, your broker, its agent or its nominee is prohibited from voting your Common Shares. **Therefore, beneficial shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

There are two kinds of Beneficial Owners: those who object to their name being made known to the Corporation, referred to as objecting beneficial owners (“OBOs”), and those who do not object to the Corporation knowing who they are, referred to as non-objecting beneficial owners (“NOBOs”). In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Notice, the Circular and the enclosed form of proxy (collectively, the “Meeting Materials”) to all NOBOs directly through the Transfer Agent. The Meeting Materials will be distributed to OBOs through clearing agencies and Intermediaries, who often use a service company (such as Broadridge Financial Solutions, Inc. (“Broadridge”)) to forward meeting materials to Non-Registered Shareholders.

The Meeting Materials are being sent to both Registered and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### ***Objecting Beneficial Owners***

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will usually receive a voting instruction form (“VIF”) from Broadridge in lieu of the form of proxy from the Corporation. The VIF will name the same person as the proxy to represent the shareholder at the Meeting. A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than persons designated in the VIF, to represent the shareholder at the Meeting. To exercise this right, the shareholder should insert the name of the desired representative in the blank space provided in the VIF. You are asked to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, you can call Broadridge’s toll free telephone number or access Broadridge’s Internet website to vote your Common Shares. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

### *Non-Objecting Beneficial Owners*

NOBOs can expect to receive the Meeting Materials with a VIF from the Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the VIF for facsimile, telephone or Internet voting. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received. **If you receive a VIF from the Transfer Agent, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to the Transfer Agent well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own. Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

In any event, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and Broadridge or other service company, or the Transfer Agent, as the case may be.

### **REVOCATION OF PROXIES**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; or by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing, by one of the following methods: (a) at the registered office of the Corporation (3108 Carp Road, PO Box 430, Ottawa Ontario K0A 1L0) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, (b) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or at any adjournment thereof; (c) by attending the Meeting in person and so requesting; or (d) in any other manner permitted by law.

A Non-Registered Shareholder may revoke a VIF or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a VIF or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of non-voting special shares, issuable in series with rights, privileges, restrictions and conditions to be determined by the board of directors of the Corporation (the "Board of Directors") without shareholder action, of which the 2,831,325 Series I Special Shares were authorized and were issued on November 21, 2012 then were subsequently converted to the same number of Common Shares. As of February 20, 2015, 25,191,656 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote at all meetings of shareholders.

The Board of Directors has fixed the close of business on February 19, 2015 as the record date for the purposes of determining shareholders entitled to receive notice of the Meeting. In accordance with the *Canada Business Corporations Act* (“CBCA”), the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list at the close of business on the Record Date will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As at February 20, 2015 to the knowledge of the directors and senior officers of the Corporation, no persons, firms or corporations beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to any class of voting securities of the Corporation.

## **DESCRIPTION OF SHARE CAPITAL**

### **Common Shares**

The Corporation is authorized to issue an unlimited number of Common Shares. The holders of the Corporation’s Common Shares are entitled to dividends as and when declared by the Board of Directors, to one vote per share at meetings of shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

### **Special Shares**

The Corporation is also authorized to issue an unlimited number of Special Shares, issuable in series. Upon liquidation or dissolution of the Corporation, before any distribution is made to the holders of Common Shares, holders of Special Shares will be entitled to receive the amount of the paid up capital of each Special Share together with all accrued and unpaid cumulative dividends thereon (if any) and all declared and unpaid cumulative dividends thereon (if any). Unless otherwise stated, holders of Special Shares shall not be entitled to any further distribution of the assets of the Corporation. There are no voting rights attached to Special Shares, unless otherwise provided under the CBCA.

#### ***Series I Special Shares***

The Corporation created the Series I Special Shares in November 2012 and authorized and issued 2,831,325 Series I Special Shares on November 21, 2012. By the terms and conditions of the Series I Special Shares, these shares were automatically converted on July 2, 2013 into an equivalent number of Common Shares of the Corporation. No Series I Special Shares are currently issued and outstanding.

## **INFORMATION DISCLOSED**

The Corporation is providing disclosure in this Circular in accordance with the requirements of the *Securities Act* (Ontario) and the CBCA. The Corporation has available to it with respect to the most recently completed fiscal year certain disclosure exemptions by virtue of the fact that the Corporation is a corporation whose shares are listed on the TSX Venture Exchange (a “Venture Issuer”).

## **FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Corporation for the financial year ended September 30, 2014 (the “Financial Statements”) and the auditor’s report on the Financial Statements and the Corporation’s management’s discussion and analysis for the financial year ended September 30, 2014, accompany the Notice of Meeting and are also available on SEDAR at [www.sedar.com](http://www.sedar.com)

**ELECTION OF DIRECTORS**

In accordance with the articles of the Corporation, the Board of Directors may fix the number of Directors to be elected to not less than three, and no more than ten Directors. The Board of Directors currently has fixed five as the number of directors to be elected. At the time of the Meeting, Denis Douville will resign and not stand for re-election. Mr. Ron Clifton has been nominated for the first time by the Board of Directors for election at this Meeting. Mr. Clifton’s background and biography are set out below.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE INDICATED BELOW UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE WITHHELD. All the director nominees indicated below are currently members of the Board of Directors and have been since the dates indicated. The term of office for each such person will be until the next Annual Meeting or until his successor is elected or appointed.**

The following are the names of the nominees for election to the Board of Directors, their principal occupation or employment during the last five years, and the dates, where applicable, on which they became Directors.

Name and Province and Country of Residence	Date First Appointed Director	Principal Occupation	Number of Securities Beneficially Owned or Over Which Control or Direction is Exercised as of February 20, 2015	
			Common Shares	Options
Jordan B. Grant <sup>(1)(3)(5)</sup> Ontario, Canada	September 30, 2002	President of the Seaton Group of Companies since 1990. Chair of Board of Directors of the Corporation since April 14, 2009. Acting CEO of the Corporation from January 26, 2011 until January 1, 2012.	839,053 <sup>(4)</sup>	213,750
Ron Clifton Ontario, Canada	-	President and Founder of Clifton Group International Limited, a management consulting company since 2010.	-	-
Roger M. Woeller <sup>(4)(5)</sup> Ontario, Canada	November 16, 2012	CEO from March 20, 2014 to present. Co-CEO from November 18, 2013 to March 20, 2014 and Chief Corporate Development Officer from November 16, 2012. CEO of WESA Group Inc. from June 1, 2001 to November 16, 2012.	1,602,629 <sup>(4)</sup>	-
Murray Malley <sup>(1)(2)(3)</sup> Alberta, Canada	October 29, 2013	President of Malley Associates, a consulting firm, since 2007; President of MediDirect, a corporate provider of Canadian & International Benefits, Payroll & Compensation Services since 2002.	20,000	50,000

Name and Province and Country of Residence	Date First Appointed Director	Principal Occupation	Number of Securities Beneficially Owned or Over Which Control or Direction is Exercised as of February 20, 2015	
			Common Shares	Options
Jane Pagel <sup>(2)(3)</sup> Ontario, Canada	January 31, 2014	Acting President and CEO, Sustainable Development Technology Canada since June 12, 2014. President, Argyle Management Consulting Inc. From 2010 until 2014, President and CEO of the Ontario Clean Water Agency. From 2009 to 2010, Principal, Government and Industry Relations for Stantec Inc.	-	50,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Human Resources and Compensation Committee.
- (3) Member of Corporate Governance and Nominating Committee.
- (4) The Corporation was unable to file its annual consolidated financial statements for the fiscal year ended August 31, 2010 and its quarterly filing statements for the first two quarters of the fiscal year ended on August 31, 2011 within the statutory filing deadlines for such documents. As a result, the former CEO, Martin Hauschild, and the CFO, Ian Malone, were subject to a temporary management cease trade order, which was subsequently replaced by permanent cease trade orders on the Corporation issued by the Ontario Securities Commission, the British Columbia Securities Commission and the Manitoba Securities Commissions (the "Commissions"). The Corporation subsequently cured all of its outstanding filing defaults and each of the Commissions fully revoked the cease trade orders on July 29, 2012.  
The Corporation was unable to file its annual consolidated financial statements for the thirteen months ended September 30, 2013 within the statutory filing deadlines for such documents. As a result, the CEO, Roger Woeller, and the CFO, Ian Malone, were subject to a temporary management cease trade order, which was subsequently rescinded upon filing of the relevant financial statements and MD&A.
- (5) Certain shares held by Jordan Grant, and Roger Woeller are subject to an escrow agreement between the Corporation, Computershare Investor Services Inc. and certain shareholders of the Corporation dated November 16, 2012. Mr. Grant has 233,339 Common Shares subject to escrow. Mr. Woeller has 457,640 Common Shares subject to escrow.

The statements as to the shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as Directors are, in each instance, based upon information furnished by the person concerned.

Mr. Ron Clifton, MASC, BASc, P. Eng. is a professional engineer with a broad range of experience successfully running and growing international high-tech companies, both public and privately-owned. Mr. Clifton is President and Founder of Clifton Group International Limited, a management consulting company that specializes in providing a variety of C-level services to small and medium enterprises (SMEs) as well as business units within larger organizations. Previous senior management experience includes President and CEO of International Datacasting Corporation, President and CEO of Senstar Corp (a Daimler-Benz Aerospace company), General Manager of Zenon Environmental Systems Inc. (a water and wastewater treatment company) and Business Unit Manager of Computing Devices Company, a Control Data Company. Mr. Clifton also has project management and operations background and extensive experience with merger and acquisition transactions. His previous board and governance experience includes: the Ottawa International Airport Authority Board where he chaired the Infrastructure and Environment Committee, Proflin BV (Netherlands), Storm Internet, and ECRM Networks.



### **Corporate Cease Trade Orders or Bankruptcies**

Except as identified in the table under the heading “Election of Directors”, none of the directors or officers of the Corporation is, or has been within the ten years before the date of this Circular, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that company.

### **Penalties or Sanctions**

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or 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 in making an investment decision.

### **Personal Bankruptcies**

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

### **APPOINTMENT OF AUDITORS**

At the Meeting, it is proposed to re-appoint MNP LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholder with their remuneration to be fixed by the Board of Directors. Upon the resignation of Raymond Chabot Grant Thornton LLP on October 31, 2014, MNP LLP was appointed the Corporation’s auditors, as more fully described below.

On October 31, 2014, the Corporation filed a Change of Auditor Notice (the “Notice”) in accordance with National Instrument 51-102 (“NI 51-102”). As required by NI 51-102, the Notice confirms that Raymond Chabot Grant Thornton LLP’s audit report on the Corporation’s annual consolidated financial statements for the years ended 2011, 2012 and the thirteen months ended September 30, 2013 did not express a modified opinion and there have been no “reportable events” as defined in NI 51-102 in connection with the audits of the Corporation’s two most recently completed fiscal years and with any subsequent period to the date of the Notice. Raymond Chabot Grant Thornton LLP and MNP LLP each filed a letter with the securities regulatory authority in each province of Canada where the Corporation is a reporting issuer confirming their agreement with the information set out in the Notice. A copy of the reporting package containing the Notice and the letters referred to above are included as Exhibit “B” to this Circular.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPOINTMENT OF THE FIRM MNP LLP, AS AUDITORS OF THE CORPORATION, AT A REMUNERATION TO BE FIXED BY THE DIRECTORS, TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS FOLLOWING THE COMPLETION OF THE 2015 FISCAL YEAR UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE WITHHELD.**

## STATEMENT OF EXECUTIVE COMPENSATION

### Introduction

This compensation discussion and analysis describes and explains the Corporation's policies and practices with respect to the compensation of the Corporation's Chief Executive Officer and Chief Financial Officer.

Following the reverse takeover of WESA Group Inc. on November 16, 2012 (the "Reverse Takeover"), the compensation arrangements of the Chief Executive Officer and Chief Financial Officer as well as all the executive officers were reviewed by the Compensation Committee and the executive officers have entered into new employment arrangements with the Corporation, as more fully described under the heading "Employment Agreements".

### Compensation Discussion and Analysis

#### *Chief Executive Officer and Chief Financial Officer*

On November 16, 2012, in connection with the Reverse Takeover, William Touzel became Chief Executive Officer of the Corporation. Mr. Touzel's employment arrangement provided for a base salary of \$160,000 and provision for a Corporation-owned vehicle. At the discretion of the Board of Directors a performance-based cash bonus may be awarded to Mr. Touzel. Mr. Touzel became co-CEO on November 18, 2013 and the resigned as co-CEO as of March 20, 2014. On January 1, 2015 a consulting services corporation controlled by Mr. Touzel entered into a consulting agreement.

On March 20, 2014 Mr. Woeller was appointed CEO of the Corporation; on November 18, 2013, he became co-CEO of the Corporation and on February 14, 2014 signed a two-year employment agreement which provides for a base salary of \$160,000 and provision for a Corporation-owned vehicle. At the discretion of the Board of Directors a performance-based cash bonus may be awarded to Mr. Woeller. Mr. Woeller is entitled to up to 12 months' severance if his services are no longer required by the Corporation, other than for cause, in which case there is no entitlement.

Ian Malone, Chief Financial Officer, entered into a new employment agreement on September 23, 2013 which provides for a base salary of \$160,000 which was effective as of March 1, 2013, options for 152,500 common shares, and a vehicle allowance of \$1,500 per month. At the discretion of the Board of Directors a performance-based cash bonus may be awarded to Mr. Malone. Mr. Malone retired as Chief Financial Officer as of January 31, 2015 and continues as Secretary of the Corporation pursuant to a consulting arrangement.

Vivian Karaiskos became Chief Financial Officer of the Corporation as of February 1, 2015. The Corporation and Ms. Karaiskos are in the process of finalizing an employment agreement.

#### *Executive Compensation Principles*

The Compensation Committee and the Board of Directors undertake the process for determining executive compensation. The Corporation does not employ any formal objectives in determining executive compensation and the implementation of compensation programs that may exist from time to time. When determining executive compensation, the Compensation Committee and the Board of Directors rely on their current and past experience and collective knowledge of the market including similarly situated public and private companies.

Based on that background and assessment, the Compensation Committee and the Board of Directors, through discussion, base their ultimate determination on (i) the overall objectives of the Corporation, (ii) individual negotiations with an executive, as applicable, and (iii) the best interests of the Corporation, its shareholders and its other stakeholders. The Corporation does not at this time employ any formal benchmarking procedures in determining executive compensation, but is familiar with several services that conduct such benchmarking analysis and will be considering introducing such a process in future.

### *Elements of Executive Compensation Program*

The executive compensation packages consist of a base salary, a discretionary performance-based cash bonus, a benefit package, a vehicle allowance and, in some circumstances, stock options.

The Corporation may in the future employ benchmarking procedures in determining executive compensation.

### *Base Salaries*

The base salary component is intended to provide a fixed level of pay that is established at the time that the officer joins the Corporation, and is reviewed from time to time thereafter, not less frequently than annually. The performance of the Chief Executive Officer and the Chief Financial Officer is reviewed in light of various performance parameters, such as profitability, share price, revenue growth and any other influences on performance as may from time to time be considered relevant.

### *Variable Compensation Awards*

A performance-based cash bonus for each executive officer is set at the discretion of the Compensation Committee and Board of Directors of the Corporation. The performance-based criteria will be based on the achievement of certain personal (50% of target) and corporate performance goals (50% of target).

### *Benefits Package and Vehicle Allowance*

The Corporation has a benefit plan which includes health and dental benefits, long term disability coverage and life insurance. All employees including the executive officers are entitled to participate in the benefit plan.

Each of the executive officers has available to them an automobile allowance or use of a company-owned vehicle.

### *Employee Incentive Plan*

The Compensation Committee continues to review and assess its employee incentive plans which allocate cash bonuses and option grants to employees including executive officers, of the Corporation based on the achievement of certain personal and corporate performance goals.

### *Options*

Options to purchase Common Shares may be awarded to executive officers, employees and consultants, from time to time, at the discretion of the Compensation Committee and Board of Directors of the Corporation pursuant to the terms of the Corporation's Amended and Restated Share Option Plan.

## Summary Compensation Table

The following table sets forth the summary information concerning compensation paid to, or earned during the financial years ended August 31, 2012, for the thirteen months ended September 30, 2013, and for the financial year ended September 30, 2014 by the Corporation’s Chief Executive Officer and Chief Financial Officer and the highest paid executive officers, who earned total compensation in excess of \$150,000 during the financial year ended September 30, 2014 and who were serving as executive officers at September 30, 2014 or would have been included had such individuals been serving as executive officers at September 30, 2014 (collectively, the “Named Executive Officers”)<sup>(6)</sup>.

Name and principal position	Year	Salary <sup>(7)</sup> (\$)	Share-based awards (\$)	Option-based awards	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(6)</sup> (\$)	Total compensation (\$)
					Annual incentive plans(\$)	Long-term incentive plans			
Roger M. Woeller <sup>(1)(8)</sup> CEO	2014	136,000	-	-	-	-	-	12,881	148,881
	2013	163,000	-	-	-	-	-	20,991	183,991
	2012	163,000	-	-	-	-	-	20,991	183,991
Ian W. Malone <sup>(3)</sup> CFO & Corporate Secretary	2014	141,833	-	145,000	-	-	-	18,322	160,155
	2013	173,290	-	-	65,000	-	-	15,000	253,290
	2012	146,256	-	50,000	-	-	-	-	142,566
Nell van Walsum <sup>(4)(8)</sup> President, Professional Services Division	2014	136,000	-	-	-	-	-	14,594	150,593
	2013	162,500	-	-	-	-	-	-	162,500
	2012	-	-	-	-	-	-	-	-
Dan Scroggins <sup>(5)(8)</sup> President, Water Division	2014	111,900	-	100,000	-	-	-	10,952	122,851
	2013	106,868	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
William M. Touzel <sup>(2)(8)</sup> former CEO	2014	136,000	-	-	-	-	-	1,088	137,088
	2013	178,750	-	-	-	-	-	10,797	189,547
	2012	122,250	-	-	-	-	-	26,939	149,189

Notes:

- (1) Roger M. Woeller was appointed CEO of the Corporation on March 20, 2014; co-CEO of the Corporation on November 18, 2013 and Chief Corporate Development Officer on November 16, 2012, prior to which he was CEO of WESA Group Inc. Mr. Woeller entered into an employment contract with the Corporation on February 14, 2014 as more fully described under the heading “Employment Agreements”.
- (2) William M. Touzel was appointed co-CEO of the Corporation on November 18, 2013 and CEO on November 16, 2012 prior to which he was President & CFO of WESA Group Inc. On March 20, 2014, Mr. Touzel ceased to be co-CEO and a consulting agreement with Mr. Touzel’s personal services corporation was executed effective January 1, 2015.
- (3) Mr. Malone was appointed CFO on September 27, 2010 at a salary of \$120,000 per annum, and which was adjusted to \$140,000 on completion of a 6-month probationary period on March 27, 2011. Pursuant to the terms of his contract, Mr. Malone has also earned a contractual bonus in September 2011 of \$24,000 which as of February 28, 2013 was being repaid over four years in blended monthly payments of principal and interest (7% per annum). Effective March 1, 2013 payments were suspended by the Corporation and the balance outstanding was postponed in favour of the Corporation’s bank. In 2012, Mr. Malone was awarded a retroactive salary adjustment of \$15,000 and a cash bonus of \$25,000 for each of 2011 and 2012, all of which had been paid as at February 20, 2015. Mr. Malone entered into a new employment agreement on September 23, 2013, which is more fully described under the heading “Employment Agreements”. Mr. Malone retired as CFO on January 31, 2015 and Vivian Karaiskos was appointed CFO.
- (4) Nell van Walsum was appointed President, Professional Services Division of the Corporation on November 16, 2012, prior to which she was President of WESA Group Inc. Ms. Van Walsum entered into an employment contract with the Corporation on February 14, 2014 as more fully described under the heading “Employment Agreements”.

- (5) Dan Scroggins was appointed President, Water Division of the Corporation on September 16, 2013 prior to which he was Chief Technology Officer. Mr. Scroggins entered into an employment contract with the Corporation effective January 1, 2014 as more fully described under the heading “Employment Agreements”.
- (6) Amounts shown as “All Other Compensation” represent commissions earned (except with respect to Mr. Malone as set out in Note 3 above) under the Corporation’s commission policy; all commission amounts shown were accrued but unpaid as at the fiscal year end September 30, 2014.
- (7) Base salary amounts reflect a nine-month period for 2012, a thirteen month period for 2013 and a twelve month period for 2014.
- (8) Until November 16, 2012 were employed by WESA Group Inc.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information concerning all option-based and share-based awards granted to each of the Named Executive Officers that were granted before, and remain outstanding as of the end of, the most recently completed financial year ended September 30, 2014.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of Unexercised in the money options <sup>(2)</sup>	Number of shares that have not vested	Market or payout value of share-based awards that have not vested
Roger M. Woeller	-	-	-	-	-	-
Ian W. Malone	50,000 150,000	\$1.00 \$0.50	Aug. 18, 2018 Oct. 11, 2018	-	-	-
Nell van Walsum	-	-	-	-	-	-
Dan Scroggins	100,000	\$0.50	Oct. 11, 2018	-	-	-
William M. Touzel <sup>(1)</sup>	10,000	\$1.00	Aug. 18, 2018	-	-	-

Notes:

(1) Mr. Touzel resigned as an executive officer effective March 20, 2014

(2) Based on the September 30, 2014 closing price of \$0.17 for the Corporation’s common shares on the TSX Venture Exchange.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended September 30, 2014, by each of the Named Executive Officers.

Name	Option-based awards – Value vested during the financial year ended September 30, 2014 <sup>(1)</sup> (\$)	Share-based awards – Value vested during the financial year ended September 30, 2014 (\$)	Non-equity incentive plan compensation – Value earned during the financial year ended September 30, 2014 (\$)
Roger M. Woeller	-	-	-
Ian Malone	-	-	-
Nell van Walsum	-	-	-

<b>Name</b>	<b>Option-based awards – Value vested during the financial year ended September 30, 2014<sup>(1)</sup></b> ( <b>\$</b> )	<b>Share-based awards – Value vested during the financial year ended September 30, 2014</b> ( <b>\$</b> )	<b>Non-equity incentive plan compensation – Value earned during the financial year ended September 30, 2014</b> ( <b>\$</b> )
Dan Scroggins	-	-	-
William M. Touzel	-	-	-

Notes:

(1) Based on the September 30, 2014 closing price of \$0.17 for the Corporation's common shares on the TSX Venture Exchange.

### **Termination and Change of Control Benefits**

Under current employment arrangements there are no termination or change of control benefits for any of the Named Executive Officers other than for Mr. Woeller as described below under the heading "Employment Agreements" and other than as provided for by statute or common law and change of control provisions under the BluMetric Environmental Inc. Amended and Restated Share Option Plan and as no

### **Employment Agreements**

William M. Touzel was appointed co-CEO on November 18, 2013 and CEO on November 16, 2012, prior to which he was President and CFO of WESA Group Inc. Mr. Touzel ceased to be co-CEO on March 20, 2014 and a consulting agreement with Mr. Touzel's personal services corporation was subsequently executed effective January 1, 2015. The agreement has a five-year term, and provides for monthly payments plus success fees related to specific projects.

Roger M. Woeller was appointed CEO on March 20, 2014, co-CEO on November 18, 2013 and Chief Corporate Development Officer on November 16, 2012, prior to which he was CEO of WESA Group Inc. Mr. Woeller entered into an employment agreement with the Corporation on February 14, 2014. Mr. Woeller is entitled to fixed compensation of \$160,000 per annum and his contract also provides for a vehicle owned by the Corporation to be available for Mr. Woeller's use. The agreement also provides for payment, at the discretion of the Board of Directors, of a performance-based cash bonus based on achievement related to personal and corporate goals. Mr. Woeller is entitled to up to 12 months' severance if his services are no longer required by the Corporation, other than for cause, in which case there is no entitlement.

Nell van Walsum was appointed President, Professional Services Division on November 16, 2012 prior to which she was President, WESA Group Inc. Ms. van Walsum entered into an employment agreement with the Corporation on February 14, 2014. Ms. Van Walsum is entitled to fixed compensation of \$160,000 per annum and a monthly vehicle allowance of \$1,500. The agreement also provides for payment, at the discretion of the Board of Directors, of a performance-based cash bonus based on achievement related to personal and corporate goals.

Dan Scroggins was appointed President, Water Division on September 16, 2014, and entered into an employment agreement effective January 1, 2015. Mr Scroggins is entitled to fixed compensation of \$160,000 and a monthly vehicle allowance of \$1,500. The agreement also provides for payment, at the discretion of the Board of Directors, of a performance-based cash bonus based on achievement related to personal and corporate goals.

Ian Malone entered into a new employment agreement with the Corporation on September 23, 2013 which provides for a base annual salary of \$150,000 from November 20, 2012 to March 1, 2013, and thereafter at \$160,000. The contract also provides for a grant of options for 152,500 Common Shares; a monthly vehicle allowance of \$1,500; and payment of amounts in the aggregate of \$65,000, as more fully described under the heading “Summary Compensation Table” above. The agreement also provides for payment, at the discretion of the Board of Directors, of a performance-based cash bonus on achievement related to personal and corporate goals. Mr. Malone retired as CFO on January 31, 2015, and continues as Secretary of the Corporation pursuant to a consulting arrangement.

### Compensation of Directors

The following table provides information regarding compensation paid to the Corporation’s non-executive directors during the financial year ended September 30, 2014.

Name	Year	Fees Earned \$	Share Based Awards \$	Option Awards	Non-Equity Incentive Plan Compensation \$	Pension Value \$	All Other Compensation <sup>(7)</sup> \$	Total \$
Jordan B. Grant <sup>(1)</sup> (3)	2014	34,000	-	148,750	-	-	-	34,000
	2013	22,750	-	-	-	-	6,250	29,000
	2012	24,250	-	65,000	-	-	-	19,250
Denis H. J. Douville <sup>(2)(3)</sup>	2014	18,500	-	57,500	-	-	-	18,500
	2013	13,500	-	-	-	-	-	13,500
	2012	14,125	-	10,000	-	-	-	14,125
Mark Stirling <sup>(4)</sup>	2014	-	-	-	-	-	-	-
	2013	11,875	-	-	-	-	-	11,875
	2012	11,875	-	10,000	-	-	25,112	36,987
Murray Malley <sup>(5)</sup>	2014	18,250	-	50,000	-	-	-	18,250
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Jane Pagel <sup>(6)</sup>	2014	13,500	-	50,000	-	-	-	13,500
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-

Notes:

- (1) Jordan B. Grant was appointed as Acting CEO on January 26, 2011 and received an additional grant of options for 65,000 Common Shares. From May 1, 2011 to January 1, 2012, Mr. Grant accrued but did not receive any salary as Acting CEO, but received Board of Director fees.
- (2) Denis H.J. Douville was appointed to the Board of Directors on April 19, 2011, and is not standing for re-election in 2015.
- (3) During the financial year ended September 30, 2014, the Corporation incurred expenses of \$4,898 for Board of Director services, but did not make any payment of outstanding Board of Director fees until December 1, 2012 at which time blended monthly payments of principal and interest (7% per annum) commenced such that repayment in full would be effected in four years. As of September 30, 2014, the Corporation had a liability of \$132,000 for unpaid Board of Director fees.
- (4) Mark Stirling was appointed to the Board of Directors on August 4, 2011 and resigned on October 29, 2013.
- (5) Murray Malley was appointed to the Board of Directors on October 29, 2013.
- (6) Jane Pagel was appointed to the Board of Directors on January 31, 2014.
- (7) Additional payments made for specific board mandated activities.

***Outstanding Option-Based Awards and Share-Based Awards***

The following table sets forth information concerning all option-based and share-based awards granted to each of the non-management directors that were granted before, and remain outstanding as of the end of, the most recently completed financial year ended September 30, 2014.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of Unexercised in the money options <sup>(4)</sup>	Number of shares that have not vested	Market or payout value of share-based awards that have not vested
Jordan B. Grant	65,000 148,750	\$1.00 \$0.50	Aug. 18, 2016 Oct 13, 2018	-	-	-
Denis H. J. Douville <sup>(1)</sup>	10,000 57,500	\$1.00 \$0.50	Aug. 18, 2016 Oct 13, 2018	-	-	-
Mark Stirling	10,000	\$1.00	Dec. 9, 2016	-	-	-
Murray Malley <sup>(2)</sup>	50,000	\$0.50	March 4, 2019	-	-	-
Jane Pagel <sup>(3)</sup>	50,000	\$0.50	March 4, 2019	-	-	-

Notes:

(1) Mr. Douville is not standing for re-election.

(2) Mr. Malley was appointed to the Board of Directors on October 29, 2013.

(3) Ms. Pagel was appointed to the Board of Directors on January 31, 2014.

(4) Based on the September 30, 2014 closing price of \$0.17 for the Corporation's common shares on the TSX Venture Exchange.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended September 30, 2014 by each of the non-management directors.

Name	Option-based awards – Value vested during the financial year ended September 30, 2014 <sup>(1)</sup> (\$)	Share-based awards – Value vested during the financial year ended September 30, 2014 (\$)	Non-equity incentive plan compensation – Value earned during the financial year ended September 30, 2014 (\$)
Jordan B. Grant	-	-	-
Denis H. J. Douville	-	-	-
Mark Stirling	-	-	-
Murray Malley	-	-	-
Jane Pagel	-	-	-

Notes:

(1) Based on the September 30, 2014 closing price of \$0.17 for the Corporation's common shares on the TSX Venture Exchange.



The Board compensation policy in effect at September 30, 2014 was that each Director who is not an employee of the Corporation is entitled to a base retainer fee of \$8,000 per annum and options for 50,000 Common Shares are granted for services as a Director, when a Director first joins the Board of Directors. Additionally, each Director who is not an employee is entitled to \$1,000 for each Board of Directors meeting attended (\$500 per meeting attended by telephone) and \$750 for each committee meeting attended (\$500 per committee meeting attended by telephone). The non-executive Chairman receives a base retainer fee of \$16,000 per annum, a per meeting fee of \$1,500 (\$1,000 if attending by telephone). Committee chairpersons receive a meeting fee of \$1,000 (\$750 if attending by telephone) and Committee Members receive a per meeting fee of \$750 (\$500 if attending by telephone).

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the number of Common Shares authorized for issuance from treasury under the Corporation's equity compensation plans as at September 30, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	2,081,775	\$0.60	1,118,225
Equity compensation plans not approved by shareholders	-	-	-

### SHARE OPTION PLAN

On February 28, 2003 the Corporation's shareholders approved the establishment of a share option plan which was known as the Seprotech Systems Incorporated Share Option Plan and which was amended on February 2, 2006, February 7, 2008, August 4, 2011, March 15, 2012, October 24, 2012 and February 21, 2013 and is now the BluMetric Environmental Inc. Amended and Restated Share Option Plan (the "Plan").

The purpose of the Plan is to develop the interest of and provide an incentive to eligible directors, officers, employees and consultants of the Corporation in the Corporation's growth and development by granting to such eligible persons from time to time, options to purchase Common Shares of the Corporation, thereby advancing the interests of the Corporation and its shareholders. The extent to which any director, officer, employee or consultant shall be entitled to be granted options pursuant to the Plan shall be determined at the discretion of the Board of Directors.

Options granted under the Plan are not assignable or transferable. Unless otherwise determined by the Board of Directors, the Plan provides that options granted under the Plan will expire not more than 10 years from the date of grant. The options will terminate one year after the death of a participant and 60 days after the termination of a participant ceases to be a director, officer, employee or consultant of the Corporation subject to adjustment by the Board of Directors. The Plan further provides that in all circumstances one year after the participant ceases to be a director, officer, employee or consultant of the Corporation the options will terminate. Options granted to a participant who is engaged in investor relations activities shall expire 30 days after the participant ceases to provide investor relations services.

No individual may hold options to purchase Common Shares exceeding 5% of the then outstanding Common Shares. The maximum number of options granted to any one consultant in a 12 month period shall not exceed 2% of the then outstanding Common Shares. The maximum number of options granted to participants providing investor relations services shall not exceed 2% of the then outstanding Common Shares in any 12 month period. The Plan provides that unless otherwise determined by the Board of Directors, options granted under the Plan shall vest in three equal tranches one year apart. The first vesting date will be set by the Board of Directors but is not to exceed one year after the date of grant.

During the financial year ended September 30, 2014, 1,830,800 options were issued, no options were exercised and 272,194 previously issued options were cancelled or expired. There are currently 3,200,000 common shares reserved for issuance and of which options for 2,081,775 common shares have been granted as at September 30, 2014 each at a weighted average exercise price of \$0.60 per share.

### **NON-ARM'S LENGTH PARTY TRANSACTIONS**

On November 29, 2011, the Corporation announced a bridge loan facility of up to \$200,000. The facility is unsecured with an interest rate of 7% per annum payable monthly in arrears. Jordan Grant participated for \$100,000, being the full amount of the facility. The facility was originally repayable by the Corporation on February 27, 2012 but has been converted to a demand loan by mutual consent of the parties.

On June 27, 2013 the Corporation completed the private placement of 1,430 unsecured convertible debenture units (the "Units"), for gross proceeds of \$1,430,000. Each Unit of the offering comprised a C\$1,000 convertible debenture and 1,666 one-half common share purchase warrant. Jordan Grant, Chairman of the Board of Directors and his wife, Margaret Floyd participated in the offering, each purchasing \$25,000 of Units representing 3.5% of the offering.

During the year ended September 30, 2014, related party advances from various directors and officers of the Corporation of \$165,000 were received. These amounts bear interest at a rate of 7% and are repayable on demand.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Under Canadian securities laws, "informed person" means a director or executive officer of a reporting issuer, a director or executive officer of a person or Corporation that is itself an informed person or subsidiary of a reporting issuer, any person or Corporation who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer (other than certain exemptions).

During the financial year ended September 30, 2014, the Corporation recorded expenses of \$4,898 which were included in general operations and administrative expense for services to the Board of Directors. During the financial year ended September 30, 2014, the Corporation made no payments of outstanding Board fees, and the balance remains unpaid.

Mr. Jordan Grant, a Director of the Corporation, received an aggregate consulting fee of \$15,000 in his role as interim CEO between January 26, 2011 and April 30, 2011. This amount was accrued and as per an arrangement made on November 18, 2012 was being repaid over four years, in blended payments of principal and interest (7% per annum). Effective March 1, 2013 payments were suspended by the Corporation and the balance outstanding was postponed in favour of the Corporation's bank.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Introduction**

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board of Directors has reviewed the corporate governance best practices identified in National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the “CSA Guidelines”). The Board of Directors is committed to ensuring the Corporation follows best practices.

### **Mandate of the Board**

The mandate of the Corporation’s Board of Directors is to provide guidance to the Corporation’s management in the following areas:

- long-term strategic planning
- risk analysis and monitoring of risk management systems
- overseeing the appointment, training and compensation of senior management and monitoring their performance, including succession planning
- establishing and monitoring the Corporation’s communications policy and ensuring that it addresses the feedback and concerns of shareholders in particular
- ensuring the integrity of the Corporation’s systems for internal controls and management information
- developing and implementing the Corporation’s corporate governance guidelines

### **Composition of the Board**

The Corporation’s Board consists of five directors. Murray Malley, Jane Pagel, Denis Douville and Jordan Grant are independent directors as contemplated by the CSA Guidelines (i.e., each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director’s judgement). Mr. Grant is Chair of the Board of Directors. Mr. Malley was appointed a director on October 29, 2013 replacing Mark Stirling who resigned on the same date. Mr. Stirling was also an independent director. Ms. Pagel was appointed as a director on January 31, 2014. Mr. Douville did not stand for re-election at this Meeting. In determining whether a director is independent, the Board of Directors considers the specific circumstances of a director and the nature, as well as the materiality, of any relationship between the director and the Corporation. All directors are elected annually. Mr. Woeller was appointed as a director of the Corporation on November 16, 2012. Mr. Woeller was appointed co-CEO along with Mr. Touzel on November 18, 2013, and subsequently was appointed CEO on March 20, 2014. Mr. Woeller is not independent.

Currently, none of the directors is a director of any other reporting issuer.

### **Board Committees**

There are three permanent Board of Directors committees: (i) the Audit Committee, (ii) the Human Resources and Compensation Committee, and (iii) the Corporate Governance and Nominating

Committee. The Board of Directors may also appoint other temporary or permanent committees from time to time for particular purposes.

### ***Audit Committee Report***

The Audit Committee consists of Murray Malley (Chair), Jordan Grant and Denis Douville. Mr. Malley replaced Mr. Stirling on the Audit Committee on October 29, 2013. Mr. Douville is not standing for re-election in 2015. Each of the members of the Audit Committee is financially literate as defined in National Instrument 52-110 (“NI 52-110”). The education and experience of each member of the Audit Committee is set forth below.

Mr. Malley is President of Malley Associates, founded in 2007, an association of C-suite executives who provide small- and mid-cap companies with mentoring and guidance on financial strategies, governance, and corporate sustainability. Mr. Malley is a Chartered Accountant. For the past 11 years, Mr. Malley has also served as President of MediDirect, a private company providing outsourced human resources and other management support services for SMEs. Mr. Malley has more than 25 years of senior executive experience in the financial, technology, medical, aviation, manufacturing, waste management, and distribution industries, and has held numerous public and private company directorships as well. In 2000, Mr. Malley received the Distinguished Service Award from the Institute of Chartered Accountants of Alberta; in addition, he was a member of an executive team which received the 1998 Entrepreneur of the Year Award, Special Recognition Category, and was also a 1988 Gold Medalist in the Chartered Accountants Provincial Taxation Exam. He has written articles and provided seminars on Human Resource Management and Benefits, Corporate Sustainability, Enterprise Risk Management, and Governance and Succession.

Mr. Grant is President of the Seaton Group of Companies. Seaton's core business is real estate development and it also actively invests in a number of other ventures, including golf course operations and developing lands in Belize for uses ranging from residential, to citrus groves, to eco-tourism. Seaton's land development projects have principally been in smaller towns surrounding the Greater Toronto Area. As a result of investigating sewage treatment systems for one of its developments, Seaton invested in CMS Group Inc., which had developed the Rotordisk package treatment plant. CMS was later acquired by the Corporation.

Mr. Douville is a Professional Engineer and consultant with over forty-five years' experience in a variety of space, aerospace, information technology and geomatics activities in both government and industry, both in Canada and in the U.S.A. Mr. Douville has worked with a wide ranging network of domestic and international contacts at all levels of government and industry, including various departments of the US government, the US DoD and NASA. Mr. Douville served as an officer in the Canadian Armed Forces in a variety of capacities. For example, Mr. Douville completed a two-year assignment as the Project Manager on the National Land and Water Information Service Project, a major Crown project, aimed at development and implementation of an Internet-based land-use decision making information service for Agriculture and Agri-Food Canada. This \$100M, 5-year project required the management of a wide variety of project activities employing over 130 staff across Canada; the largest agricultural land information system project undertaken by the Federal government.

During the financial year ended September 30, 2014, the Audit Committee met five times. The Corporation is relying upon the exemption in section 6.1 of NI 52-110 exempting the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The Audit Committee charter was adopted in 2004, and is periodically reviewed by the Audit Committee, and a copy is attached hereto as Schedule “A”. It is also available electronically on the Corporation’s web site at [www.blumetric.ca](http://www.blumetric.ca) and on [www.sedar.com](http://www.sedar.com).

The Audit Committee assists the Board of Directors in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The Audit Committee is responsible for reviewing the Corporation’s quarterly and annual financial statements, reviewing internal controls, reviewing the engagement and advice of the Corporation’s auditors, and reporting thereon to the Board of Directors.

The Audit Committee maintains direct communication during the year with the Corporation’s external auditors and the Corporation’s senior officers responsible for accounting and financial matters.

The Audit Committee has recommended to the Board of Directors that the shareholders of the Corporation be requested to re-appoint MNP LLP, Chartered Accountants, as the independent auditor for the year ending September 30, 2015.

### ***External Auditor Service Fees***

For the thirteen months ended September 30, 2013, and the financial year ended September 30, 2014 the fees paid by the Corporation for audit work and other services performed by the predecessor auditor, Raymond Chabot Grant Thornton LLP were as follows:

	<b>Financial Year ended September 30, 2014</b>	<b>Thirteen Months Ended September 30, 2013</b>
Audit fees	\$101,336	\$97,500
Audit related fees	35,000	191,000
Tax fees - Preparation of Tax Returns	19,500	9,750
All other fees	11,972	8,880
Total	\$167,808	\$307,130

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws.

### **Human Resources and Compensation Committee**

The Human Resources and Compensation Committee consists of Denis Douville (Chair), Jane Pagel and Murray Malley. Mr. Malley replaced Mr. Stirling on the Compensation Committee on October 29, 2013. Mr. Douville did not stand for re-election in 2015. The Compensation Committee did not have any formal meetings in fiscal 2014.

Each member of the Human Resources and Compensation Committee has the appropriate skills and experience to deal effectively with matters coming before it as more fully described in respect of Messrs. Douville and Malley under the heading “Audit Committee Report” above. Mr. Douville has been directly responsible for projects employing in excess of 100 people and Mr. Malley has many years of experience providing human resources out-services.

Ms. Pagel is currently acting President and CEO of Sustainable Development Technology Canada, and has held numerous executive positions in both government and the private sector. Ms. Pagel has served on a number of boards and currently sits on the boards of Sustainable Development Technology Canada. She was recently selected to be part of Canada’s Diversity 50 2013 list of board candidates. She was President and CEO of the Ontario Clean Water Agency (OCWA) from 2010 until her retirement in early

2014. Prior industry positions held by Ms. Pagel include Principal Government and Industry Relations at Stantec; Senior Vice President and Principal at Jacques Whitford, one of Canada's largest private consulting engineering, environmental, and earth sciences companies, with more than 45 offices worldwide and over 1,700 employees (acquired by Stantec in 2009); Vice President Government Relations at Philip Services; and President of Zenon Environmental Laboratories. Ms. Pagel also held senior positions at the Ministry of the Environment and was Director of Research and Technology when she left the Ministry in 1990.

The Human Resources and Compensation Committee is responsible for personnel matters, including performance, compensation and succession. The terms of reference, previously prepared by the Human Resources and Compensation Committee, include reviewing and making recommendations to the Board of Directors with respect of compensation arrangements for executive officers and management succession planning. As part of the Human Resources and Compensation Committee's mandate is an ongoing review of compensation of executive officers and directors of the Corporation, a review of the Corporation's current compensation model is continuing and recommended changes include the implementation of short-term and long-term incentives for executive officers, other employees and directors of the Corporation.

During the financial year ended September 30, 2014 despite not having any formal meetings, the Human Resources and Compensation Committee members undertook work on preparing recommendations on board compensation and recruitment, executive compensation, and executive employment agreements.

#### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee consists of Jane Pagel (Chair), Jordan Grant and Murray Malley.

The Corporate Governance and Nominating Committee is responsible for executive and board succession planning, monitoring board member effectiveness and performance, governance issues such as disclosure policy.

The Corporate Governance and Nominating Committee was formed in mid-2014 and had four meetings. Priorities were set that included updating the Directors' Competency matrix, developing a succession plan for the executive team, and reviewing board recruitment priorities. Other priorities moving forward include enhancing Board and staff education on requirements associated with listed companies and updating relevant governance policies.

#### **Code of Ethics**

The Corporation adopted a code of ethics (the "Code"). All directors, officers, employees and consultants of the Corporation are expected to be familiar with the Code and adhere to the principles and procedures set forth in the Code that applies to them. The Board of Directors is responsible for the application of the Code to the affairs of the Corporation and the periodic review of the Code. The Code is available electronically on the Corporation's web site at [www.blumetric.ca](http://www.blumetric.ca) and on [www.sedar.com](http://www.sedar.com).

#### **ADDITIONAL INFORMATION**

The financial statements of the Corporation for the financial year ended September 30, 2014, together with the report of the auditors' thereon, are being mailed to the Shareholders of the Corporation with this Circular. Additional information relating to the Corporation may be obtained on the SEDAR website at [www.sedar.com](http://www.sedar.com). Shareholders can request copies of the Corporation's financial statements and

management's discussion and analysis by emailing their request to [contact@blumetric.ca](mailto:contact@blumetric.ca), calling the Corporation at (613) 839-3053, or visiting the website at [www.blumetric.ca](http://www.blumetric.ca).

#### **OTHER BUSINESS**

Management is not aware of any other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters should properly come before the Meeting, the Proxy will be voted upon such matters in accordance with the best judgement of the person voting the Proxy.

#### **SHAREHOLDER PROPOSALS FOR NEXT MEETING**

Proposals of Shareholders to be presented at the 2016 annual meeting of shareholders of the Corporation must be received by the Corporation before the date that is 90 days before the anniversary date of this Meeting to be considered for inclusion in the Management Proxy Circular and Form of Proxy relating thereto.

#### **APPROVAL BY THE BOARD OF DIRECTORS**

The contents of this Management Proxy Circular and the sending thereof to the Shareholders have been approved by the Board of Directors of the Corporation.

DATED at Ottawa, Ontario this 20<sup>th</sup> day of February, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ Jordan B. Grant*

---

Jordan B. Grant  
Chair of the Board of Directors

## **EXHIBIT “A”**

### **AUDIT COMMITTEE CHARTER**

The Audit Committee is responsible for:

- reviewing our interim and annual financial statements and management’s discussion and analysis related thereto, and all annual and interim earnings press releases before they are publicly disclosed;
- overseeing the work of our external auditors engaged for the purpose of preparing or issuing an audit report or related work;
- ensuring our external auditors report directly to the audit committee throughout the term of their appointment;
- pre-approving all non-audit services to be provided to us or our subsidiaries by our external auditor; and
- recommending to our board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report (or any related work), as well as the compensation to be paid to the external auditor.

The Audit Committee does the following main things to fulfill these responsibilities:

- meets with management and the external auditors at least once per year;
- meets separately with each of management several times per year and the external auditors at least once per year;
- reviews the annual audit scope and plan as recommended by the auditors;
- analyzes carefully all internal control points raised by the auditors in correspondence with management;
- discusses our compliance with tax and financial reporting rules as issues arise;
- reviews the appropriateness of insurance levels carried by the Corporation;
- reviews the accounting and financial policies and internal controls of the Corporation.

The Audit Committee has the authority to hire, at the Corporation’s expense, independent counsel or advisors to assist the Audit Committee in fulfilling its responsibilities.



**EXHIBIT "B"**

**CHANGE OF AUDITOR REPORTING PACKAGE**



October 31, 2014

To: British Columbia Securities Commission  
Alberta Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange  
Raymond Chabot Grant Thornton LLP  
MNP LLP

**Notice of Change of Auditor pursuant to National Instrument 51-102**

BluMetric Environmental Inc. (the "Corporation") wishes to advise that the Corporation's auditor, Raymond Chabot Grant Thornton LLP ("RCGT"), has resigned effective October 29, 2014 at the request of the Corporation. The Board of Directors of the Corporation resolved on October 29, 2014, that MNP LLP ("MNP") be appointed as successor auditor to fill the vacancy in the position of auditor of the Corporation.

The resignation of RCGT and the appointment of MNP have been considered and approved by the Corporation's Audit Committee and Board of Directors. The Corporation's Audit Committee has reviewed the documents relating to the change of auditor.

The audit report of RCGT in connection with the financial statements for the financial year ended September 30, 2013 did not express any modified opinion. There are no reportable events between the Corporation and RCGT.

Dated at Ottawa, Ontario, effective this 31<sup>st</sup> day of October, 2014.

BLUMETRIC ENVIRONMENTAL INC.

A handwritten signature in black ink, appearing to read "R. Woeller", written over a horizontal line.

Roger M. Woeller  
Chief Executive Officer

Tel. 613-839-3053  
Fax. 613-839-5376

BluMetric Environmental Inc.  
3108 Carp Road, PO Box 430, Ottawa, Ontario, Canada K0A 1L0

[www.blumetric.ca](http://www.blumetric.ca)





# Raymond Chabot Grant Thornton

October 31, 2014

British Columbia Securities Commission  
Alberta Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange

**Raymond Chabot Grant Thornton LLP**  
2505 St-Laurent Blvd.  
Ottawa, Ontario K1H 1E4

Telephone: 613-236-2211  
Fax: 613-236-6104  
[www.rcgt.com](http://www.rcgt.com)

Dear Sirs or Mesdames:

As required by subparagraph (5) (a) (ii) of section 4.11 of National Instrument 51-102, we have reviewed the notice of change of auditor of BluMetric Environmental Inc. dated October 31, 2014 (the "Notice") and, based on our knowledge of such information at this time, we agree with the statements contained in the Notice as it relates to Raymond Chabot Grant Thornton and our role as predecessor or former auditor.

Yours very truly,

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants,  
Licensed Public Accountants

Per: Paul Sibué, CPA, CA  
Partner

October 31, 2014

British Columbia Securities Commission  
Alberta Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange

Dear Sir or Madame,

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of BluMetric Environmental Inc. dated October 31, 2014 (“the Notice”) and, based on knowledge of such information at this time, we agree with each statement contained in the Notice as it relates the MNP LLP as successor auditor.

Yours very truly,



Chartered Professional Accountants  
Licensed Public Accountants

Per Michael Dimitriou, CPA, CA  
Partner