

Form 45-106F6
British Columbia Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

Issuer Information

Item 1: Issuer/underwriter name and contact information

Thalmic Labs Inc.
24 Charles Street West
Kitchener, ON N2G 1H2
Telephone: 1-888-777-2546
Website Address: www.thalmic.com

Item 2: Reporting issuer status

The Issuer is not a reporting issuer.

Item 3: Issuer's industry

Indicate the industry of the issuer by checking the appropriate box below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input checked="" type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |
-

Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
Daniel Debow Toronto, ON, Canada	Director	192,510 Pref A Shares; 1 Note	Cdn\$96,960.96 (US\$35,00 Note + Cdn\$50,000 Pref A)
Dennis Kavelman Toronto, ON, Canada	Director	1 Note	Cdn\$134,174.16 (US\$100,000 Note)
Nabeel Hyatt, Berkeley, CA, USA	Director	Nil	Nil
Stephen Lake Kitchener, ON, Canada	Director, Officer	9,344,534 Common Shares, 40,000 Common Share Options	Nil
Matthew Bailey Kitchener, ON, Canada	Officer	9,344,533 Common Shares, 40,000 Common Share Options	Nil
Aaron Grant Waterloo, ON, Canada	Officer	9,344,533 Common Shares, 40,000 Common Share Options	Nil
Mike Galbraith Waterloo, ON, Canada	Officer	840,000 Common Share Options	Nil
Spark Capital III, L.P. Boston, MA, USA	More than 10% of voting securities	6,436,281 Pref A Shares, 1 Note	Cdn\$8,279,848.05 (US\$1,485,300 Note & US\$6,436,281 Pref A Shares)
Todd Dagres Boston, MA, USA	General Partner, Spark Capital	Nil	Nil
Sano Politi Boston, MA, USA	General Partner, Spark Capital	Nil	Nil
Bijan Sabet Boston, MA, USA	General Partner, Spark Capital	Nil	Nil
Alex Finkelstein Boston, MA, USA	General Partner, Spark Capital	Nil	Nil
Megan Quinn San Francisco, CA, USA	General Partner, Spark Capital	Nil	Nil
Mo Koyfman New	General Partner, Spark	Nil	Nil

York, NY, USA	Capital		
Paul Conway Boston, MA, USA	General Partner & CFO, Spark Capital	Nil	Nil
Jeremy Philips New York, NY, USA	General Partner, Spark Capital	Nil	Nil
Kevin Thau San Francisco, CA, USA	General Partner, Spark Capital	Nil	Nil

Item 5: Distribution date

March 9th, March 11th, and March 22nd 2016.

Item 6: Number and type of securities

Convertible Non-interest Bearing Promissory Note (the “Note”). 1 Note issued to each investor. The Note converts into preferred shares of the issuer upon a Qualified Equity Financing, defined as the issuance of a class of preferred shares at a fixed pre-money valuation of at least US\$10,000,000. The number of converted preferred shares shall be equal to the indebtedness outstanding under the Note divided by the quotient of the Discount Amount (as defined in the Note being based on the valuation of the issuer (50%-80%)) multiplied by the per share price paid for the Financing Securities in the Qualified Equity Financing. The Note can also be converted into common shares of the issuer upon a Liquidity Event (defined under the Note as a sale of the issuer or an underwritten IPO), with the number of converted common shares equal to the outstanding indebtedness divided by the quotient of the Discount Amount multiplied by the per-share value of the common shares based upon the fixed pre-money valuation determined in connection with such Liquidity Event. The Note matures on December 31, 2018 and is repaid in 8 equal installments on the last day of each fiscal quarter of the Company beginning after the Maturity Date.

Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder’s fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Ontario, Canada	15	\$2,668,089.65 largest Note, \$20,000 smallest Note	\$5,130,185.45
British Columbia, Canada	1	\$40,252.25	\$40,252.25
New York, United States	1	\$268,348.32	\$268,348.32
California, United States	1	\$2,757,859.90	\$2,757,859.90
Pennsylvania, United States	1	\$335,435.40	\$335,435.40
Massachusetts, United States	2	\$1,992,888.77 largest Note, \$19,723.60 smallest Note	\$2,012,612.37
Total number of Purchasers	21		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$10,544,693.69

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

Item 8: Information about purchasers

Instructions

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus and Registration Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Initialized Capital Special Opportunities Fund I, LP 360 Furman St unit 739, New York, New York, 11201 718-689-3174		1 Note	\$268,348.32	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Delrina Consolidated Ltd. 19 Elgin Avenue, Toronto, ON M5R 1G5 416-250- 1990		1 Note	\$67,087.08	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Spark Capital III, L.P. 137 Newbury Street, Boston, MA 02116 617-830-2002		1 Note	\$1,992,888.7 7	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Spark Capital Founders Fund III, L.P. 137 Newbury Street, Boston, MA 02116 617-830-2002		1 Note	\$19,723.60	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Middlefield Ventures, Inc. 2200 Mission College Blvd., Santa Clara, CA 95054- 1549 408-765-8080		1 Note	\$2,757,859.90	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/22/2016
First Round Capital IV, L.P. 4040 Locust Street, Philadelphia, PA 19104 610-834-7635		1 Note	\$335,435.40	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
David Jackson Holdings Inc. 1082 Lavender Lane, Oakville, ON L6J 1V2 416- 454-6810		1 Note	\$67,087.08	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Maple Syrup Mafia Projects Inc. 5 East 8th Avenue, Vancouver, BC V5T 1R6 778-388-4715		1 Note	\$40,252.25	s.2.3 of NI 45-106	3/9/2016

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Milisenic Limited 33 Yonge Street, Suite 600, Toronto, ON M5E 1G4 800-513-2832		1 Note	\$402,522.47	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Garage Capital Fund II LP 256 Lions Court, Waterloo, ON N2L 6M8 519-883-1288		1 Note	\$469,609.55	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016
Fidelity Special Situations Fund 483 Bay Street, North Tower, Suite 300, Toronto, ON M5G 2N7 416-307-5200		1 Note	\$2,668,089.65	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/11/2016
Hedgewood 8 Brentcliffe Road, Suite 200 Toronto, ON M4G 3Y2 416-422-4828		1 Note	\$268,348.32	s.73.3(2) of the <i>Securities Act</i> (Ontario)	3/9/2016

Commissions and finder's fees

Item 9: Commissions and finder's fees

Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
N/A					

Certificate

On behalf of the Issuer, I certify that the statements made in this report are true.

Date: March 28, 2016

Thalmic Labs Inc.

Name of Issuer (please print)

Mike Galbraith, CFO, 1-888-777-2546 ext. 724

Print name, title and telephone number of person signing

"Mike Galbraith"

Signature

Item 10: Contact information

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6500
Toll free across Canada: 1-800-373-6393
Facsimile: (604) 899-6581