Ubika Sustainability 20

June 5, 2017

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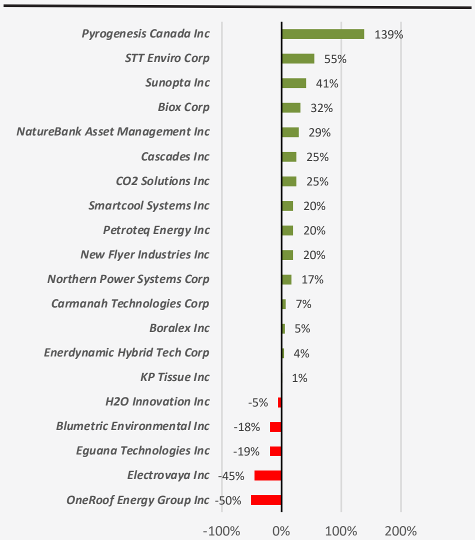
Mar. 27, 2017 - Jun. 5, 2017

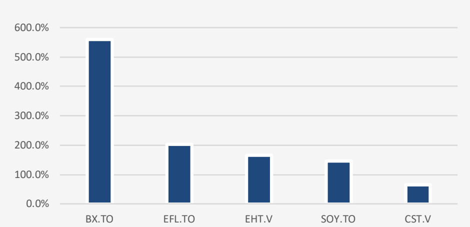
US20:	+18.8% (+37% Y/Y)
TSX Venture:	-0.3% (+12% Y/Y)
DJSI - NA40:	1.5% (+13% Y/Y)

Dollar amounts in CAD unless otherwise stated.

US20: Performance Distribution



Top Volume Gainers (m/m)



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Sustainability 20 Index Soars 37% Y/Y, Led by an Exceptional Performance From PyroGenesis Canada Inc. (TSXV:PYR)

The Ubika Sustainability 20 Index (US20) is up 18.8% since our last report, published on March 27, 2017. The index has substantially outperformed both its benchmarks as the TSXV and DJSI – North America 40 have returned -0.3% and 1.5% respectively.

The US20 is in the midst of a shake up as we will be removing two companies and are actively looking for replacements, which we discuss below. We also look at some companies that have outperformed and discuss how they did it, and how they are positioned to perform in the future.

Industry Highlights

- **President Donald Trump announced the U.S. plans to withdraw from the Paris climate agreement**, stating the deal is unfair to the U.S. The President says the US will begin negotiations to re-enter on terms that are fair to the US, its businesses, its workers, its people, and its taxpayers.
- **In late March, President Trump presented a budged that cut research to organizations which protect water quality and the EPA.** This budget reflects a more nationalistic approach from the U.S., which is also seen in the US abandonment of the cleanup of the Great Lakes, as well as the renegotiation of NAFTA.
- **U.S. based Rayonier Advanced Materials is set to acquire Canadian forestry company, Tembec for $807mm.** Tembec shareholders are set to receive either $4.05 in cash per share or 0.2302 of a share of Rayonier common stock for each Tembec share held.
- **The Canadian federal government is committing up to $20mm to help fund early stage clean energy projects.** The commitment was done in partnership with British Columbia, as they have also pledged $20mm to the initiative. The investment will help companies in the prototype, field testing and demonstration stages of projects.

Upcoming Sustainability Events:

- Zero Waste Ontario Conference, June 15-16, 2017, at Lakehead University, Orillia Campus, Orillia, ON, Canada
- Green Developments: The New Era, July 24-26, 2017, at the Westin Bayshore Hotel, Vancouver BC, Canada
- Renewable Energy and Resources Conference, July 24-25, 2017, Vancouver, BC, Canada

Index Shake Up

OneRoof Energy Group (NEXON) will be removed from our Index. On April 19, 2017, OneRoof Energy shareholders voted in favour of the sale of all the assets of the Company. Furthermore, on March 8, 2017, the Company announced that after a sale of their solar project assets, they will not be able to generate sufficient funds to pay off creditors, thus leaving no value for equity shareholders. On May 8, 2017, the Company halted trading on the TSXV, and have since been moved to the NEX exchange. On the other hand, NatureBank Asset Management (TSXV:COO) has not performed to our standards and we plan to remove it from the Index. The losses of these companies are reflected in our index returns.

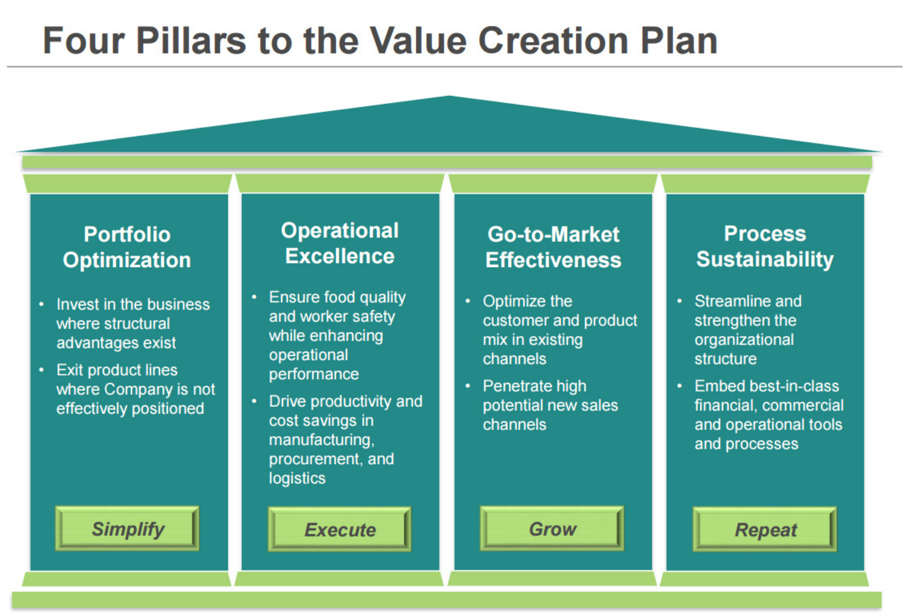
We are actively looking for two new companies to add to the index.

Notable Performers

SunOpta Inc. (TSX:SOY)

SunOpta is a global company building a portfolio of healthy products that promote sustainable well being. They specialize in sourcing non-genetically modified (GMO) and organic ingredients, and manufacturing healthy food and beverage products. The Company is up 41% since our last report, mainly due the Company reporting solid progress on their value creation plan (Figure 1).

Figure 1: SunOpta Value Creation Plan



Source: Corporate Presentation

The Company reported mixed results in Q1/2017, not meeting expectations on revenues and net income, but reporting strong operating cash flow. Revenue for the quarter declined 6.3% to \$330mm from the same period a year ago, reflecting a continued decline in retail market demand for frozen fruit products and lower volumes of organic ingredients due to customer turnover and weather-related issues. Operating loss for the period was \$11.4mm compared to \$9.7mm in Q1/2016 reflecting a \$14mm increase in SG&A expenses mainly from incremental consulting fees and employee recruitment and retention costs associated with the value creation plan.

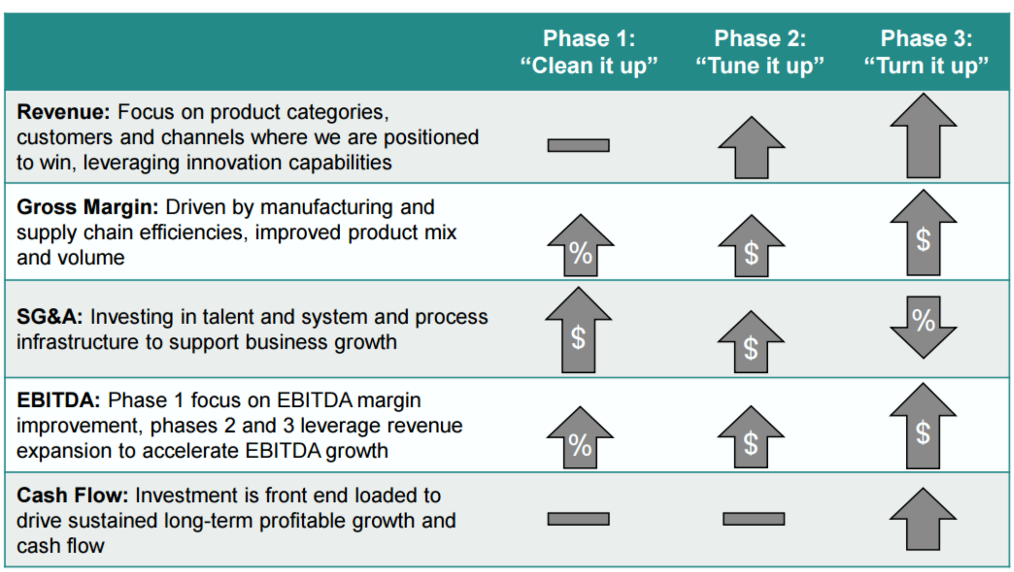
During the quarter, investments in their value creation plan have yielded results, as seen in the \$19.5mm generated in operating cash flow (up from cash flow loss of \$17.9mm in Q1/2016). This increase in operating cash flow reflected cash generated through working capital efficiency initiatives focused on increasing account receivables collection initiatives, lowering inventory levels, and maximizing purchasing items.

The Company's strong operating cash flow shows they are making progress towards meeting their targets of \$30mm in annualized EBITDA enhancements and \$20mm of working capital efficiencies, which the Company plans to implement in the coming 12-18 months.

To set the foundations for the plan, the Company replaced many of their senior officers. Most notably, they appointed David J. Colo as President and CEO. Mr. Colo has 30 years of leadership experience in general management, operations, and supply chain management. Most notably he served as Executive Vice-President and Chief Operating Officer for Diamond Foods from June 2013 to March 2016.

Going forward, the Company expects investments into the plan to ultimately pay off in the form of incremental revenues, EBITDA, cash flow, and profitability.

Figure 2: SunOpta Value Creation Plan



Source: Corporate Presentation

The Company is trading at an EV/Sales multiple of 1.0x, which is below the Food Processing industry average of 1.95x, suggesting the Company is undervalued.

PyroGenesis Canada Inc. (TSXV:PYR)

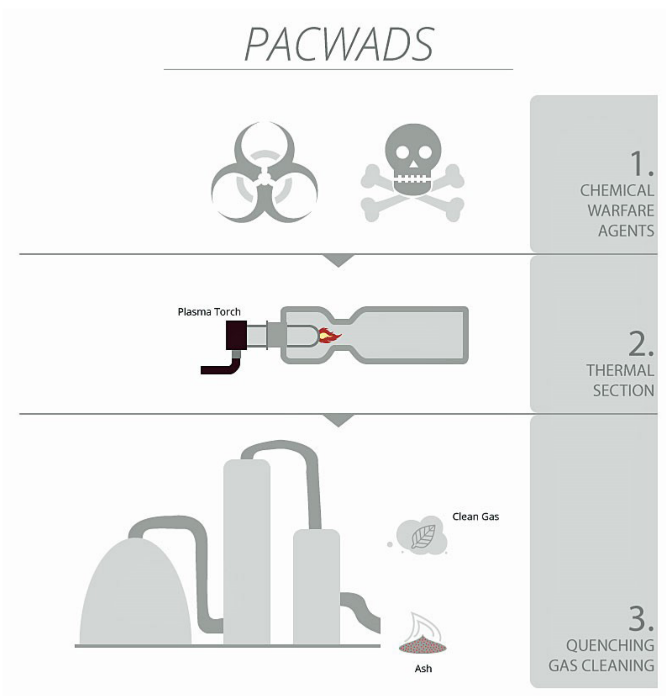
PyroGenesis Canada is engaged in the design development, manufacturing and commercialization of advanced plasma processes. The Company is up 139% since our last report due to a strong Q1/2017 earnings release.

2017 is proving to be a breakout year for the Company as their Q1/2017 financials indicate strong growth and increased profitability. The Company reported a revenue increase of 67% compared to the same period last year, reflecting incremental revenues gained from its transformation into a producer of metal powders for the Additive Manufacturing industry, as well as increases in advancements of contracts in their backlog. Furthermore, the Company increased gross margins to 34% from 29% a year ago, reflecting a decrease in employee compensation, subcontracting and, manufacturing overhead expenses.

The firm showed improving profitability, reporting $23k in adjusted EBITDA (EBITDA less share based compensation) compared to an adjusted EBITDA loss of $650k in Q1/2016.

Pyrogenesis recently announced that they have successfully completed long duration performance tests using their Plasma Arc Chemical Warfare Agents Destruction System (PACWADS).

Figure 3: PyroGenesis PACWADS



Source: Corporate Presentation

These tests supported the Defense Advanced Research Projects Agency Agnostic Compact Demilitarization of Chemical Agents program and far exceeded minimum requirements with over 99.99% destruction efficiency. The Company is now going through the final stage of testing which they expect to be complete by Q3/2017. The Company expects additional contracts to be signed if the final test results are a success. Revenues from this segment could be quite significant given the proposed increase in military spending by the U.S. government, as well as increased usage of chemical weapons in the Middle-East.

CO_2 Solutions Inc. (TSXV:CST)

CO_2 Solutions is a developer of proprietary enzyme-based carbon dioxide (CO_2) capture technologies, designed for large stationary emitters of CO_2. The Company has not yet generated significant revenues as the Company is still in pilot stage testing of their technologies. The Company is up 25% since our last report due to positive updates on the Saint Felicien Pump Mill and Greenhouse Carbon Capture and the Valorisation Carbone Quebec projects.

The Saint Felicien Pulp Mill and Greenhouse Carbon Capture Projects stationed a carbon capture unit at a pulp mill in the Sain-Felicien region of Quebec, with the captured CO_2 being re-used by the nearby Serres Tundra greenhouse facility.

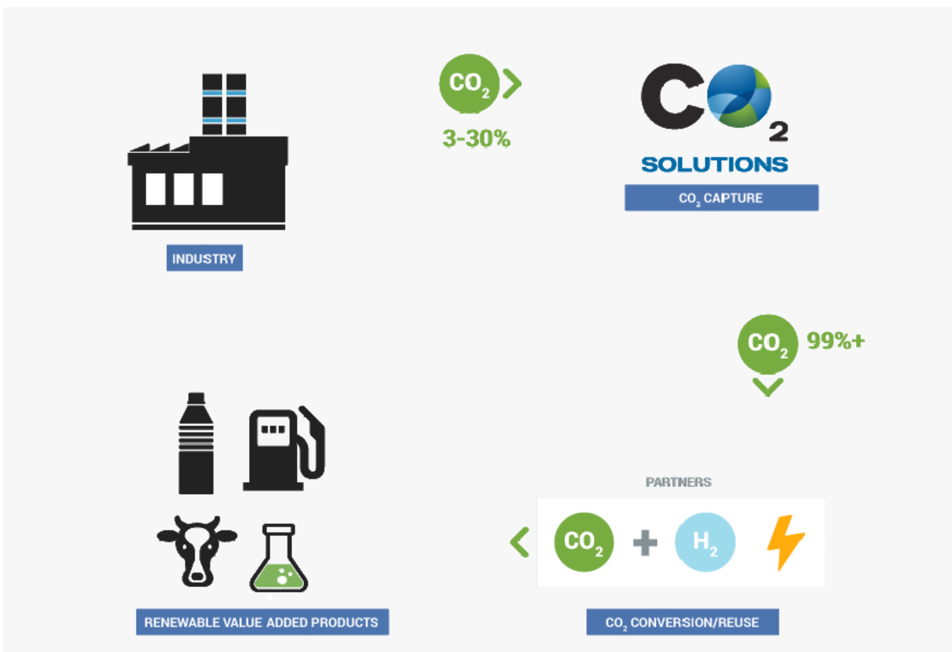
Figure 4: CO_2 Solutions Carbon Capture Unit

Source: Company Filing

On May 24, 2017, the Company announced they have completed the engineering phase that shows their CO_2 capture unit will be designed to produce 30 tonnes per day (tpd) of CO_2. Investors reacted positively to this is as it is at the higher end of the Company's initial expected range. The Company now believes revenues will reach $750k per year from a 30 tpd system, starting in Q4/2018.

On April 27, 2017, the Company announced the launch of the Valorisation Carbone Quebec project, which is fully funded by a $15mm grant from the government of Quebec. The goal of the project is to run commercial demonstration projects for full carbon cycle solutions. The project is still in the early stages but the first major steps were announced including upgrades to a new 10 tpd carbon capture unit which incorporates the Company's newest technology, to be completed by Q3/2017.

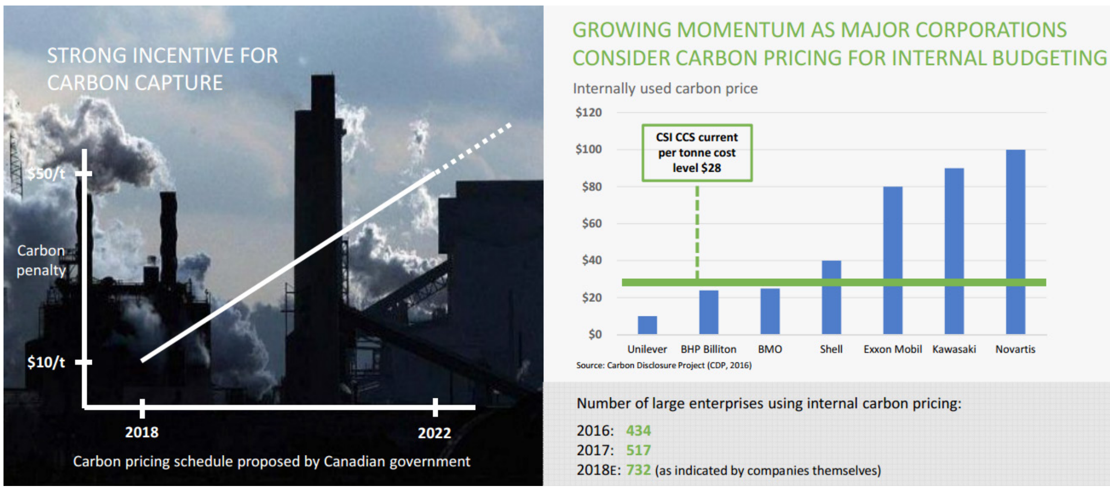
Figure 5: CO_2 Solutions Carbon Capture Process



Source: Company Filings

The Company is still in the early stages of commercialization, however, they are making the necessary steps to capitalize on an estimated $5 billion per annum market opportunity, per data from the Company's presentation. Increasing concerns about climate change and the effects of CO_2 emissions and an increasing carbon tax in Canada provides a significant market opportunity for the Company. CO_2 Solutions' low cost technology and portfolio of 3 project contracts and 21 under negotiation positions them well to take advantage of this opportunity.

Figure 6: Carbon Tax Projections



Source: Company Filings

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