

NOTICE OF CHANGE IN CORPORATE STRUCTURE

Pursuant to Section 4.9 of National Instrument 51-102

1. Names of the parties in the transaction

Reco Northern Alberta Inc., ("Reco Northern"), Reco Central Alberta Inc. ("Reco Central") and Reco Southern Alberta Inc. ("Reco Southern"), all private corporations incorporated pursuant to the laws of Alberta (collectively the "Arranged Companies") completed a statutory plan of arrangement dated January 16, 2014 ("Plan of Arrangement") with Reco International Group Inc. (the "Corporation") involving a spin-out of Reco Southern, Reco Central and Reco Northern pursuant to the provisions of section 193 of the *Business Corporations Act* (Alberta).

2. Description of the transaction

The Plan of Arrangement implemented a series of transactions as follows:

- (a) The Corporation directed certain business assets ("Assets") to the Arranged Companies consisting mainly of exclusive territorial agencies for the sale of light steel prefabricated homes manufactured by Shenzhen China Modular Building Investment Co. Ltd.
- (b) In consideration for the Assets, the Corporation received 25,635,635 common shares in each of Reco Southern, Reco Central and Reco Northern (the "Distributed Reco Shares").
- (c) The authorized share capital of the Corporation was amended as follows:
 - a. the identifying name of the listed common shares of the Corporation were altered to Class A common shares ("Reco Class A Common Shares");
 - b. the creation of new class of common shares of the Corporation consisting of an unlimited number of common shares without par value (the "Reco New Shares"); and
 - c. the creation of a new class of preferred shares of the Corporation consisting of an unlimited number of class A preferred shares without par value ("Reco Class A Preferred Shares").
- (d) The Corporation exchanged each newly designated Reco Class A Common Share held by a shareholder for one (1) Reco New Share and one (1) Reco Class A Preferred Share in the same number and proportion as their holdings of Reco Class A Common Shares. As a result, at a moment in time the Corporation issued a total of 25,635,635 Reco New Shares and 25,635,635 Reco Class A Preferred Shares to the shareholders of the Corporation.
- (e) The names of the holders of Reco Class A Common Shares were added to the central securities register as the holders of the number of Reco New Shares and Reco Class A Preferred Shares that they received on the exchange.
- (f) The Reco New Shares continue to be listed on the TSX Venture Exchange with the trading symbol of "RGI".

- (g) The Corporation redeemed the issued 25,635,635 Reco Class A Preferred Shares (which shares were unlisted) held by the shareholders of the Corporation in exchange for the Distributed Reco Shares held by the Corporation (which the Corporation received as consideration for the Assets), such that each holder of Reco Class A Preferred Shares received a common share in each of Reco Southern, Reco Central and Reco Northern in the same number and proportion as their holdings of Reco Class A Preferred Shares.
- (h) As a result of the above transactions, the shareholders of the Corporation held the following shares: 26,635,635 Reco New Common Shares; 25,635,635 common shares in Reco Southern, 25,635,635 common shares in Reco Central; and 25,635,635 common shares in Reco Northern.
- (i) The Corporation acquired 25,635,635 Preferred Series I Shares from each of Reco Northern, Reco Central and Reco Southern (collectively the "Reco Preferred Series I Shares") for nominal consideration.
- (j) The Corporation, having acquired the Reco Preferred Series I Shares issued such shares as a dividend-in-kind to each shareholder of the Corporation in the same number and proportion as their holdings of common shares in the capital of each of Reco Northern, Reco Central and Reco Southern.
- (k) On conclusion of the issuance of the dividend-in-kind, the shareholders of the Corporation held the following shares: 26,635,635 Reco New Common Shares; 25,635,635 common shares in Reco Southern, 25,635,635 common shares in Reco Central; 25,635,635 common shares in Reco Northern, 25,635,635 Preferred Series I Shares in Reco Southern, 25,635,635 Preferred Series I Shares in Reco Central; and 25,635,635 Preferred Series I Shares in Reco Northern.
- (l) The authorized share capital of the Corporation was amended by creating three new series of an unlimited number of preferred shares designated as Preferred Series I Shares, Preferred Series II Shares and Preferred Series III Shares, having the rights, privileges, restrictions and conditions described in Schedule B to the information circular filed on SEDAR on November 4, 2014.
- (m) The Corporation completed a share exchange with the shareholders of Reco Northern pursuant to a share exchange agreement dated April 8, 2015 whereby, in accordance with the articles of incorporation for Reco Northern, the Corporation issued Preferred Series I Shares (the "Reco Preferred Series I Shares") to the shareholders of the Corporation in exchange for Preferred Series I Shares of Reco Northern that the shareholder received from the Corporation as a dividend-in-kind. Accordingly, the Corporation issued an aggregate of 25,635,635 Preferred Series I Shares to the shareholders of the Corporation in exchange for 25,635,635 Preferred Series I of Reco Northern.
- (n) The Corporation completed a share exchange with the shareholders of Reco Central pursuant to a share exchange agreement dated April 8, 2015 whereby in accordance with the articles of incorporation for Reco Central, the Corporation issued Preferred Series II Shares (the "Reco Preferred Series II Shares") to the shareholders of the Corporation in exchange for Preferred Series I Shares of Reco Central that the shareholder received from the Corporation as a dividend-in-kind. Accordingly, the Corporation issued an aggregate

of 25,635,635 Preferred Series II Shares to the shareholders of the Corporation in exchange for 25,635,635 Preferred Series I Shares of Reco Central.

- (o) The Corporation completed a share exchange with the shareholders of Reco Southern pursuant to a share exchange agreement dated April 8, 2015 whereby in accordance with the articles of incorporation for Reco Southern, the Corporation issued Preferred Series III Shares (the "Reco Preferred Series III Shares") to the shareholders of the Corporation in exchange for Preferred Series I Shares of Reco Southern that the shareholder received from the Corporation as a dividend-in-kind. Accordingly, the Corporation issued an aggregate of 25,635,635 Preferred Series III Shares to the shareholders of the Corporation in exchange for 25,635,635 Preferred Series I Shares of Reco Southern.
- (p) The Reco I Shares, Reco II Shares and Reco III Shares received by the shareholders of the Corporation on exchange pursuant to the paragraphs 13, 14 and 15 above were registered in the shareholders names and appropriate entries made in the securities registers of each of Reco Northern, Reco Central and Reco Southern.
- (q) On July 24, 2015, the Corporation redeemed all of the issued and outstanding Reco Preferred Series I Shares, Reco Preferred Series II Shares and Reco Preferred Series III Shares. On that same date, Reco Northern, Reco Central and Reco Southern redeemed all of the outstanding Preferred Series I Shares held in the capital of Reco Northern, Reco Central and Reco Southern respectively.
- (r) Upon completion of the transactions in accordance with the Plan of Arrangement, the shareholders of the Corporation of the Corporation held the following shares: 26,635,635 Reco New Common Shares; 25,635,635 common shares in Reco Southern, 25,635,635 common shares in Reco Central; and 25,635,635 common shares in Reco Northern.
- (s) After receiving final approval from the TSX Venture Exchange, the Corporation filed the necessary articles of amendment with the Registrar of Corporations for the Province of Alberta to give full effect to the Plan of Arrangement.

The shareholders of the Corporation approved the Plan of Arrangement at a special meeting held on May 8, 2014 with the final order of the Court of Queen's Bench of Alberta being granted on May 16, 2014. The Plan of Arrangement was confirmed and ratified at the Corporation's annual and special meeting held on Friday, November 21, 2014 ("Annual and Special Meeting") where the Corporation's shareholders also confirmed and ratified the following: (i) a redesignation of the Corporation's authorized capital of 25,635,635 common shares by altering the identifying name from common shares to class A shares without any other change to the share rights; and (ii) to amend the articles of the Corporation by creating a new series of an unlimited number of preferred shares designated as "Class A Preferred Shares", both transactions which were pursuant to and in connection with the Plan of Arrangement.

3. Effective date of the transaction

July 24, 2015

4. Name of each party, if any, that ceased to be a reporting issuer subsequent to the transaction and names of the continuing entities

The Corporation continues to be a reporting issuer in the provinces of Alberta and British Columbia. As a result of the Plan of Arrangement, each of Reco Northern, Reco Central and Reco Southern became a reporting issuer in the province of Alberta. No party ceased to be a reporting issuer subsequent to the Plan of Arrangement.

5. Date of the reporting issuer's first financial year-end subsequent to the transaction

The first financial year-end of the Corporation subsequent to the Plan of Arrangement was September 30, 2015. The financial year-end for each of Reco Northern, Reco Central and Reco Southern is September 30 to conform to the year-end of the Corporation.

6. Periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer's first financial year subsequent to the transaction

The following is a summary of the Corporation's financial reporting periods, and that of Reco Northern, Reco Central and Reco Southern, in the first financial year after completion of the Plan of Arrangement:

- For the year ended September 30, 2015 with comparatives for the year ended September 30, 2014 for each of the Corporation, Reco Northern, Reco Central and Reco Southern
- For the first quarter period ended December 31, 2015 with comparatives for the period ended September 30, 2015 for each of the Corporation, Reco Northern, Reco Central and Reco Southern
- For the second quarter period ended March 31, 2016 with comparatives for the period ended September 30, 2015 for each of the Corporation, Reco Northern, Reco Central and Reco Southern
- For the third quarter period ended June 30, 2016 with comparatives for the period ended September 30, 2016 for each of the Corporation, Reco Northern, Reco Central and Reco Southern

7. Documents filed under National Instrument 51-102 that describe the transaction and where those documents can be found in electronic format

For additional information in respect of the Plan of Arrangement, please refer to the Corporation's information circular dated April 11, 2014 and filed on SEDAR on April 17, 2014 as well as the information circular dated October 20, 2014 in connection with the Annual and Special Meeting and filed on SEDAR on November 4, 2014. As well, please refer to the press release titled "Reco International Announces Successful Completion of Plan of Arrangement" dated April 9, 2015 and available on SEDAR at www.sedar.com under the Corporation's SEDAR profile.