

CARA OPERATIONS LIMITED

DIVIDEND REINVESTMENT PLAN

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CARA OPERATIONS LIMITED

DIVIDEND REINVESTMENT PLAN

SUMMARY

The following describes the Dividend Reinvestment Plan of Cara Operations Limited which became effective on April 10, 2015. For further details, please read the full text of the Plan as well as the questions and answers that follow. Shareholders should consult their tax advisors about the tax consequences which will result from their participation in the Plan.

The Dividend Reinvestment Plan is a convenient and cost-effective way to increase your investment in Cara Operations Limited.

You have the option of either receiving cash dividends or automatically reinvesting all of your cash dividends in our subordinate voting shares.

The Plan helps you increase your investment in our subordinate voting shares by offering you **convenience**:

- Dividends are reinvested automatically;
- Your investment in our subordinate voting shares is administered for you;
- You receive regular statements and income tax forms;
- You may elect at any time to sell some or all of your subordinate voting shares held under the Plan;
- Dividends reinvested are eligible for a share purchase price discount that has initially been set at 3%;

and attractive **cost savings**:

- No trading fees and no service charges, except in connection with the sale of subordinate voting shares held under the Plan.

CARA OPERATIONS LIMITED

DIVIDEND REINVESTMENT PLAN

QUESTIONS AND ANSWERS

What is the Dividend Reinvestment Plan?

The Dividend Reinvestment Plan (the “**Plan**”) of Cara Operations Limited (“**Cara**”) enables holders of subordinate voting shares of Cara (“**Subordinate Voting Shares**”) and multiple voting shares of Cara (“**Multiple Voting Shares**”) and collectively with the Subordinate Voting Shares, the “**Shares**”) to acquire additional Subordinate Voting Shares by reinvesting all of their cash dividends.

What are the advantages of the Plan?

As Subordinate Voting Shares acquired under the Plan are from treasury and purchased directly from Cara, participants in the Plan (“**participants**”) do not pay trading fees or service charges of any kind, except in connection with the sale of Subordinate Voting Shares held under the Plan. All other administrative costs of the Plan are borne by Cara.

Full investment of all cash dividends is possible since fractional Subordinate Voting Shares will be credited to a participant’s account.

Dividends reinvested are eligible for a share purchase price discount that has initially been set at 3%.

Who is eligible to participate?

Any registered or beneficial holder of Shares who is a resident of Canada may participate in the Plan. Holders who are not residents of Canada may not participate in the Plan. Upon becoming a non-resident of Canada, a holder must terminate the holder’s participation in the Plan.

How does an eligible shareholder become a participant in the Plan?

A registered shareholder may enroll in the Plan by duly completing the enrollment form and returning it to Valiant Trust Company (the “**Administrator**”). A completed enrollment form must be received by the Administrator no later than five business days prior to the applicable record date for any cash dividend (which will usually be the last day prior to the month in which the dividend is payable) in order for that dividend to be reinvested under the Plan.

To obtain an Enrolment Form, contact Valiant Trust Company at 1-866-313-1872. If a participant is a beneficial owner whose Shares are registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or a name other than the participant’s own name, he or she may participate in the Plan by (i) directing his or her broker to electronically transfer all or any number of whole Shares into his or her name and then enrolling such Shares in the Plan or (ii) making appropriate arrangements with the broker, investment dealer, financial institution or

other nominee who holds the participant's Shares to enroll in the Plan on the participant's behalf. A beneficial owner of Shares should contact his or her nominee to confirm the process, inquire about any fees the nominee may charge and confirm if any fractional Shares will be provided by the nominee.

Will it be possible for participants to receive a proportion of their dividends in cash and have the remainder reinvested?

No. 100% of a participant's cash dividends will be reinvested if the participant elects to participate.

Regular quarterly statements of account will be mailed to each participant by Valiant (or, in the case of beneficial owners, statements will be issued through their broker).

How will new Subordinate Voting Shares be purchased for participants?

Cara will pay to the Administrator the cash dividends paid on the Shares registered in the name of a participant, in addition to the cash dividends paid on the Subordinate Voting Shares held by the Administrator for the account of a participant under the Plan. Depending upon the election of the participant, the Administrator will apply these funds to purchase Subordinate Voting Shares from Cara which will then be held by the Administrator for the account of the participant.

What will be the price of new Subordinate Voting Shares purchased under the Plan?

Subordinate Voting Shares purchased under the Plan will be issued from treasury at a price per Subordinate Voting Share calculated by reference to the volume weighted average of the trading price for the Subordinate Voting Shares on the relevant stock exchange or marketplace for the five trading days immediately preceding the date the relevant dividend is paid by Cara, less a discount, if any, at Cara's election. Cara has set the initial discount at 3%. Cara may, subject to the terms of the Plan, alter or eliminate this discount at any time.

How will Subordinate Voting Shares be held under the Plan?

Subordinate Voting Shares acquired by a registered holder under the Plan will be maintained in that holder's Plan account. Subordinate Voting Shares purchased on behalf of beneficial owners of Shares who are participating in the Plan through their broker will be maintained in their broker's Plan account.

Registered shareholders who own Shares in certificated form may deposit their certificates with the Administrator free of charge, and the Administrator will issue a Direct Registration System statement ("DRS statement") in respect of such Shares.

Will certificates be issued for the new Subordinate Voting Shares?

No. However, a registered shareholder may at any time obtain a DRS statement for any number of whole Subordinate Voting Shares held for the account of the participant under the Plan by notifying the Administrator over the internet, or in writing.

Are there restrictions on dealing with Subordinate Voting Shares purchased under the Plan?

Yes. Subordinate Voting Shares held for a participant's account may not be pledged. Therefore, prior to pledging Subordinate Voting Shares, a registered holder must request that a DRS statement be issued. DRS statements will not be issued for fractional Subordinate Voting Shares. Participants who are beneficial owners must make appropriate arrangements with the broker, investment dealer, financial institution or other nominee who holds the participant's Subordinate Voting Shares prior to such transactions.

How does a participant terminate participation in the Plan?

Participation in the Plan may be terminated at any time by providing written instruction to Valiant. Registered holders can complete the termination portion of the voucher located on the reverse of your statement of account and deliver such document signed by the registered holder(s) to Valiant (or in the case of beneficial owners, by making arrangements to terminate participation through their broker nominee nominee). Questions can be directed to Valiant's Shareholder Inquiries department at 1-866-313-1872 or by email to inquiries@valiantrust.com.

When participation is terminated, or upon suspension or termination of the Plan by Cara, the Administrator will continue to hold the participant's Subordinate Voting Shares in book-entry form unless he or she requests a DRS statement for any whole Subordinate Voting Shares and a cash payment for any fractional Subordinate Voting Share.

Alternatively, registered shareholders may request that all or part of their Subordinate Voting Shares held under the Plan be sold. When Subordinate Voting Shares are sold through the Administrator, a holder will receive the proceeds less any handling charges and trading fees.

When is termination effective?

A notice of termination, if actually received by the Administrator no later than five business days prior to a record date for a cash dividend, will have effect in respect of the dividend to be made as of such date. If the Administrator receives such notice less than five business days prior to a record date, the termination will not be effective until after the dividend.

What statements will be sent to participants?

After each dividend payment date, a statement of account will be mailed to each participant (or, in the case of CDS participants, CDS will receive such statement on behalf of beneficial owners participating in the Plan). The statements are a continuing record of purchases made under the Plan and should be retained for tax purposes. In addition, Valiant will annually provide each participant with appropriate information for tax reporting purposes.

What are the tax consequences of participation in the Plan?

Dividend reinvestment pursuant to the Plan does not relieve participants of any tax consequences associated with such dividends. A summary explanation of the tax consequences of participation

in the Plan can be found in section 16 of the Plan, under the heading “Income Tax Considerations Relating to the Plan”. All participants are advised to consult with their own tax advisors to determine the particular tax consequences that may result from their participation in the Plan and the subsequent sale by them of Subordinate Voting Shares purchased pursuant to the Plan.

Where should further inquiries be directed?

Inquiries should be addressed to the Administrator as follows:

Internet: www.valianttrust.com

By telephone: 1-866-313-1872

By mail: Valiant Trust Company
100 University Avenue, 8th Floor,
Toronto, ON M5J 2Y1

By email: inquires@valianttrust.com

Inquiries can also be addressed to Cara as follows:

By telephone: Cara Operations Limited
905-760-2244

By email: investorrelations@cara.com

CARA OPERATIONS LIMITED

DIVIDEND REINVESTMENT PLAN

1. The Plan

The Dividend Reinvestment Plan (the “**Plan**”) of Cara Operations Limited (“**Cara**”) provides a convenient means for eligible holders of subordinate voting shares of Cara (“**Subordinate Voting Shares**”) and multiple voting shares of Cara (“**Multiple Voting Shares**”) and collectively with the Subordinate Voting Shares, the “**Shares**”) to purchase additional Subordinate Voting Shares by reinvesting all of their cash dividends.

The declaration and payment of dividends on Cara’s Shares is at the discretion of Cara’s board of directors (the “**Board**”). It is the intention of the Board to declare quarterly cash dividends, following the announcement of Cara’s quarterly results, for payment on the fifteenth day of the following month or, if such day is not a business day, the immediately preceding business day for shareholders of record at the last business day of the month in which a dividend is declared.

Under the Plan, Subordinate Voting Shares will be acquired at 100% of their “Market Price” (as defined below). As these Subordinate Voting Shares will be treasury Subordinate Voting Shares purchased directly from Cara, no trading fees or service charges will be payable, except in connection with the sale of Subordinate Voting Shares held under the Plan. All other administrative costs of the Plan will be paid by Cara.

Through the reinvestment of cash dividends, Cara will acquire additional capital funds which will be used for general corporate purposes.

2. Eligibility

Any beneficial or registered holder of Shares who is a resident of Canada and meets the requirements below is eligible to become a participant in the Plan (a “**participant**”). Holders who are not residents of Canada may not participate in the Plan. Upon becoming a non-resident of Canada, a holder must terminate the holder’s participation in the Plan.

3. How the Plan Works

A participant may elect to reinvest the cash dividends paid on all of the Shares owned by him or her. Depending upon the election, the cash dividends paid on all of the Shares owned by the participant less any applicable withholding tax, including all Subordinate Voting Shares acquired under the Plan and held for the account of the participant, will be applied automatically on each dividend payment date (an “**Investment Date**”) to purchase additional Subordinate Voting Shares under the Plan.

Subordinate Voting Shares purchased under the Plan will be issued from treasury at a price per Subordinate Voting Share calculated by reference to the volume weighted average of the trading price for the Subordinate Voting Shares on the relevant stock exchange or marketplace for the five trading days immediately preceding the Investment Date, less a discount, if any, at Cara’s

election (the “**Market Price**”). Cara has set the initial discount at 3%. Cara may, subject to the terms of the Plan, alter or eliminate this discount at any time.

On each Investment Date, Cara will pay to Valiant Trust Company, the administrator of the Plan, (the “**Administrator**”) the cash dividends otherwise payable to a participant in respect of the Shares the participant has elected to include in the Plan. Any amount required under applicable tax laws to be withheld by Cara from cash dividends paid to any participant and remitted to a taxing authority will be withheld and remitted as required, with the balance being paid to the Administrator for reinvestment on behalf of the participant or dividend to the participant. Depending upon the election of the participant, the cash dividends paid on all of Shares registered in the name of the participant or held by the Administrator for the account of the participant will be used by the Administrator to purchase Subordinate Voting Shares from Cara for the account of the participant.

Subordinate Voting Shares purchased under the Plan will be registered in the name of the participant, and the participant’s account maintained by the Administrator will be credited with the number of Subordinate Voting Shares, including fractions computed to four decimal places, equal to the cash dividends paid on the participant’s Shares less any applicable withholding tax, divided by the relevant Market Price.

4. How to Enroll

Registered Shareholders

An eligible registered shareholder may enroll in the Plan at any time by duly completing an enrollment form and sending it to the Administrator. A copy of the Plan is available through Cara’s website, www.cara.com, and can also be obtained from the Administrator at any time. Shareholders should not send dividend cheques to the Administrator or Cara.

The enrollment form must be signed by all registered holders of Shares. Also, if a shareholder’s total holding is registered in different names (e.g., full name on some Share certificates and initials and surname on other Share certificates), a separate enrollment form must be completed for each different registration name. If dividends from all shareholdings are to be reinvested under one account, registration must be identical.

A completed enrollment form must be received by the Administrator no later than five business days prior to the applicable record date for any cash dividend (which will usually be the last day prior to the month in which the dividend is payable) in order for that dividend to be reinvested under the Plan.

Once a registered shareholder has enrolled in the Plan, participation will continue until the participant terminates his or her participation (as set forth below) or until the Plan is suspended or terminated.

Any Shares acquired outside of the Plan which are not registered in exactly the same name or manner as Shares enrolled in the Plan will not be automatically enrolled in the Plan. If a

participant purchases additional Shares outside the Plan, he or she is advised to contact the Administrator to ensure that all Shares the participant owns are enrolled in the Plan.

Beneficial Owners of Shares

If a shareholder is a beneficial owner of Shares, he or she should contact his or her broker, investment dealer, financial institution or other nominee who holds his or her Shares to provide instructions regarding his or her participation in the Plan and to inquire about any applicable deadlines that the nominee may impose or be subject to and to confirm what fees, if any, the nominee may charge to enroll all or any portion of such shareholder's Shares in the Plan on his or her behalf or whether the nominee's policies might result in any costs otherwise becoming payable by the shareholder. Beneficial owners should also confirm if any fractional Shares will be provided by the nominee.

If a participant is a beneficial owner whose Shares are registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or a name other than the participant's own name, he or she may participate in the Plan by (i) directing his or her broker to electronically transfer all or any number of whole Shares into his or her name directly and then enrolling such Shares in the Plan or (ii) making appropriate arrangements with the broker, investment dealer, financial institution or other nominee who holds the participant's Shares to enroll in the Plan on the participant's behalf, either as a nominee that delivers a completed and executed enrollment form to the Administrator in the manner provided in the Plan, or, if applicable, as a CDS participant through enrollment by CDS.

If a participant is a beneficial owner of Shares and wishes to enroll in the Plan through a CDS participant in respect of his or her Shares registered through CDS, appropriate instructions must be received by CDS from the CDS participant not later than such deadline as may be established by CDS from time to time, in order for the instructions to take effect on the Investment Date to which that dividend record date relates.

CDS participants holding Shares on behalf of beneficial owners of Shares registered through CDS must arrange for CDS to enroll such Shares in the Plan on behalf of such beneficial owners in respect of each dividend payment date.

CDS will provide instructions to the Administrator regarding the extent of its participation in the Plan, on behalf of beneficial owners of Shares, in respect of every Investment Date on which cash dividends otherwise payable to CDS, as shareholder of record, are to be reinvested under the Plan.

5. Certain Limitations

A participant may not transfer the right to participate in the Plan to another person.

Subject to applicable law and regulatory policy, Cara reserves the right to determine, from time to time, a minimum number of Shares that a participant must hold in order to be eligible to participate in, or continue to participate in, the Plan. Without limitation, Cara further reserves the

right to refuse participation in the Plan to, or terminate the participation of, any person who, in Cara's sole opinion, is participating in the Plan primarily with a view to arbitrage trading, whose participation in the Plan is part of a scheme to avoid applicable legal requirements or engage in unlawful behavior or has been artificially accumulating Cara's securities, for the purpose of taking undue advantage of the Plan to Cara's detriment. Cara may also deny the right to participate in the Plan to any person or terminate the participation of any participant in the Plan if Cara deems it advisable under any laws or regulations.

6. Statements of Account

As soon as reasonably practicable after each Investment Date, a statement of account will be mailed to each participant setting out the amount of the relevant cash dividend reinvested, the applicable Market Price, the number of Subordinate Voting Shares purchased under the Plan on the Investment Date and the total number of Subordinate Voting Shares, computed to four decimal places, held for the account of the participant under the Plan (or, in the case of CDS participants, CDS will receive such statement on behalf of beneficial owners participating in the Plan).

The statements are a continuing record of the cost of the Subordinate Voting Shares purchased under the Plan and should be retained for income tax purposes. In addition, Cara will annually provide each participant with appropriate information for tax reporting purposes.

7. Termination of Participation

A participant may terminate his or her participation in the Plan at any time by completing the termination portion of the voucher located on the reverse of your statement of account and delivering such document signed by the registered holder(s) to the Administrator (or in the case of beneficial owners, by making arrangements to terminate participation through their nominee). Such notice, if actually received by the Administrator no later than five business days prior to the applicable record date, will have effect in respect of the dividend to be made as of such date. If the Administrator receives such notice less than five business days prior to a record date, the termination will not be effective until after the dividend. Upon termination, the Administrator will continue to hold the participant's Subordinate Voting Shares in book-entry form unless he or she requests a DRS statement for any whole Subordinate Voting Shares and a cash payment for any fractional Subordinate Voting Share. The cash payment will be calculated on the basis of the closing price of the Subordinate Voting Shares on the relevant stock exchange or marketplace on the date the termination is processed. All subsequent dividends will be paid directly to the shareholder. Participation in the Plan may be renewed by registered holders at any time by signing a new enrollment form and returning it to the Administrator.

The termination request will be processed within the Administrator's ordinary service standard, which is generally within ten days from the time the request is received.

Alternatively, shareholders may request that all or part of their Subordinate Voting Shares be sold. When Subordinate Voting Shares are sold through the Administrator, a holder will receive the proceeds less any handling charges and trading fees.

8. Subordinate Voting Shares Held Under the Plan

Subordinate Voting Shares acquired by a registered holder under the Plan will be maintained in such holder's Plan account (and will be enrolled in the Plan) in book form, which protects Subordinate Voting Shares against physical loss, theft or accidental destruction and also provides a convenient way for registered shareholders to keep track of their Subordinate Voting Shares. Only Subordinate Voting Shares held under the Plan may be sold through the Plan.

Registered shareholders who own Shares in certificated form may deposit their certificates with the Administrator free of charge, and the Administrator will issue a Direct Registration System statement ("**DRS statement**") in respect of such Shares. Certificates should be delivered to the Administrator at Valiant Trust Company, 100 University Avenue, 8th Floor, Toronto, ON, Canada M5J 2Y1, Attention: Director, Client Services, by registered mail, a courier service or other receipted delivery service.

Subordinate Voting Shares purchased on behalf of beneficial owners of Shares who are participating in the Plan through their broker will be maintained in their broker's Plan account.

9. Withdrawal of Plan Shares

A registered holder may, at any time, obtain DRS statements for any number of whole Shares held for the participant's account under the Plan without terminating their participation in the Plan by duly completing the withdrawal portion of the voucher located on the reverse of the Participant's statement and sending it to the Administrator. In no event will DRS statements be issued for fractional Shares. DRS statements for Subordinate Voting Shares acquired under the Plan will not be issued to participants unless specifically requested.

Shares held for the account of a participant under the Plan may not be pledged. Consequently, prior to pledging Shares, a registered holder must request a DRS statement be issued.

Accounts under the Plan are maintained in the names in which the Shares of the participants were registered at the time they enrolled in the Plan. Consequently, DRS statements for Subordinate Voting Shares will be similarly registered when issued.

10. Sale of Shares Held Under the Plan

Registered shareholders who participate in the Plan can sell their Shares held under the Plan at any time by duly completing the withdrawal or termination portion of the voucher located on the reverse of the Participant's statement and sending it to the Administrator. Sale requests will be processed and Shares held under the Plan will, subject to market conditions and other facts, generally be sold within 24 hours of receipt and processing of a shareholder's request at prevailing market prices through the facilities of the relevant stock exchange or marketplace. The Administrator cannot and does not guarantee the actual sale date or price, nor can it stop or cancel any outstanding sale or issuance requests. All requests are final. The Administrator will mail a cheque to a holder that has made a sales request (less any handling charges and trading fees) on the settlement date, which is three business days after the holder's Shares have been

sold. Holders should allow an additional five to seven business days from the settlement date to receive the cheque.

Alternatively, a registered shareholder may choose to withdraw Shares from their Plan account and sell them through a broker of their choice. In this case the holder may request a DRS statement for his or her Shares held under the Plan from the Administrator prior to the sale.

The termination sale request will be processed within the Administrator's ordinary service standard, which is generally within three (3) weeks from the time the request is received. Beneficial owners of Shares who are participating in the Plan through their broker should contact their broker to sell their Shares.

11. Voting of Shares Held Under the Plan

Whole Shares held for the account of a participant under the Plan on any record date for a vote of shareholders (as with Shares not subject to the Plan) may be voted by the participant, either in person or by proxy. Shares for which instructions are not received will not be voted. Fractional Shares may not be voted.

12. Share Dividends and Share Splits

Share dividends declared on the Shares and any Shares resulting from the subdivision of the Shares will be credited to the account of the participant based on whole and fractional Shares held for the account of the participant under the Plan.

13. Rights Offering

If Cara makes available to holders of Shares of record any right to subscribe for additional Shares or other securities, rights certificates in respect of the number of whole Shares then held for the account of the participant under the Plan will be forwarded to each participant. Where practicable, rights in respect of fractional Shares held for the account of a participant will be sold by the Administrator for the participant's account and the net proceeds forwarded to the participant.

14. Death of a Participant

Participation in the Plan will not be affected by a participant's death and participation will remain effective until it is terminated in accordance with the provisions of the Plan.

Where the Administrator has received notice of the death of a Participant, a DRS statement for the Participant's whole Shares and a cheque representing payment for any fractional Share held by the Administrator under the Plan will be issued in the name of the deceased participant or in the name of the estate of the deceased participant, as requested. The DRS statement and applicable cash payment will be sent to the estate of the deceased Participant.

15. Amendment, Suspension or Termination of the Plan

Subject to any required regulatory or stock exchange approval, Cara reserves the right to amend, modify, suspend or terminate the Plan at any time, but such actions shall have no retroactive effect that would prejudice a participant's interests. The Administrator will notify participants in writing of any modifications made to the Plan that in Cara's opinion may materially prejudice participants. Generally, no notice will be given to participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions.

If the Plan is suspended or terminated by Cara, the Administrator will continue to hold the participant's Shares in book-entry form unless he or she requests a DRS statement for any whole Shares and a cash payment for any fractional Share based upon the closing price of the Shares on the relevant stock exchange or marketplace on the trading day immediately preceding the effective date of termination or suspension of the Plan.

If the Plan is suspended or terminated by Cara, no investment will be made under the Plan on any subsequent Investment Date. Dividends that are paid after the effective date of any suspension or termination of the Plan will be remitted by Cara or the Administrator, as the case may be, directly to each participant.

16. Income Tax Considerations Relating to the Plan

THE FOLLOWING SUMMARY OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN FOR CANADIAN RESIDENT PARTICIPANTS IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE LEGAL OR TAX ADVICE TO ANY PARTICULAR PARTICIPANT. THE FOLLOWING SUMMARY DOES NOT ADDRESS THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN BY PARTICIPANTS WHO ARE NOT RESIDENT IN CANADA. IT IS THE RESPONSIBILITY OF ALL PARTICIPANTS IN THE PLAN TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN IN THEIR PARTICULAR CIRCUMSTANCES.

Certain Canadian Federal Income Tax Considerations

The following is a summary of certain Canadian federal income tax considerations relevant to participation in the Plan by a participant who, for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and at all relevant times, is or is deemed to be resident in Canada, holds their Shares as capital property, and deals at arm's length and is not affiliated with Cara. This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current published administrative and assessing policies and practices of the Canada Revenue Agency (the "**CRA**"). This summary does not otherwise take into account or anticipate any changes in the law or in the administrative or assessing policies and practices of the CRA, is not exhaustive of all possible

Canadian federal income tax considerations and does not take into account or anticipate any provincial, territorial or foreign tax considerations which may be applicable to any particular participant.

All cash dividends paid on Shares that are reinvested on behalf of a participant will generally be subject to the tax treatment normally applicable to taxable dividends received in cash form (including “eligible dividends” as defined in the Tax Act) from “taxable Canadian corporations”, as defined in the Tax Act. For example, in the case of a participant who is an individual, such dividends will be subject to the normal gross-up and dividend tax credit rules or, in the case of a participant who is a private corporation or one of certain other corporations, a refundable tax will apply to the amount of the dividend. Other taxes could apply depending on the circumstances of the participant.

A Participant will not realize any taxable income when the participant receives certificates, or DRS advice if applicable, for whole Subordinate Voting Shares credited to the participant’s account, whether upon the participant’s request, upon termination of participation or upon termination of the Plan.

The cost to a participant of Subordinate Voting Shares acquired under the Plan will be the Market Price being the price paid for such shares by the participant. For the purpose of computing the adjusted cost base of such shares to the Participant, the cost of such shares will be averaged with the adjusted cost base of all Subordinate Voting Shares held by the participant as capital property.

A participant may realize a capital gain or capital loss on the disposition of Subordinate Voting Shares acquired through the Plan, including in circumstances where a participant receives a cash payment for any fraction of a Subordinate Voting Share.

17. Administration

The Administrator will act as administrator of the Plan for Cara. The Administrator along with its designated affiliates and other agents will maintain an account for each participant and perform certain services for the Plan. The Administrator will keep all records necessary for the administration of the Plan.

Cara reserves the right to interpret and regulate the Plan as it deems necessary or desirable.

Unless the context requires otherwise, words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include feminine and neuter genders and vice versa, and works importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

18. Liability of Cara and the Administrator

Cara and the Administrator, in administering the Plan, are not liable for any act or omission to act, including, without limitation, any claims of liability: (a) with respect to receipt or non-receipt of any payment, form or other writing purported to have been sent to Cara or the

Administrator; (b) actions taken as a result of inaccurate and incomplete information or instructions; (c) in respect of any decision to amend, suspend, terminate or replace the Plan in accordance with the terms hereof; (d) in respect of the involuntary termination of a participant's participation in the Plan in the circumstances described herein; (e) with respect to the prices at which Subordinate Voting Shares are purchased for a participant's account and the times such purchases are made; or (f) in respect of income taxes or other liabilities payable by any participant or beneficial owner in connection with their participation in the Plan.

Participants should recognize that neither Cara nor the Administrator can assure profit or protect against a loss on Subordinate Voting Shares acquired or sold under the Plan.

Both Cara and the Administrator shall have the right to reject any request regarding enrollment in, withdrawal from or termination of, the Plan if such request is not received in proper form. Any such request will be deemed to be invalid until any irregularities have been resolved to Cara's satisfaction and/or the Administrator's satisfaction. Neither Cara nor the Administrator is under any obligation to notify any shareholder of an invalid request.

19. Governing Law

The Plan shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

20. Notices

All notices required to be given under the plan will be mailed to participants at the address shown on the records of the Administrator or at the most recent address furnished by the participants.

Notices and inquiries to the Administrator are to be sent to:

Valiant Trust Company
100 University Avenue, 8th Floor,
Toronto, ON M5J 2Y1

Attention: Director, Client Services

Or by calling 1-866-313-1872 or by emailing inquiries@valianttrust.com

Notices to Cara are to be sent to:

Cara Operations Limited at
investorrelations@cara.com

Or by calling 905-760-2244

21. Effective Date

The effective date of the Plan is April 10, 2015.