

**BIOSYENT INC.  
NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS OF BIOSYENT INC.  
MAY 29, 2018  
AND  
INFORMATION CIRCULAR  
APRIL 24, 2018**

## BIOSYENT INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual general and special meeting of shareholders of BioSyent Inc. (the “Company”) will be held at the Sheraton Toronto Airport Hotel & Conference Centre in the Collingwood room at 801 Dixon Road, Toronto, Ontario M9W 1J5 on May 29, 2018 at 9:00 a.m. (Eastern Time) for the following purposes:

1. To receive the audited consolidated financial statements for the fiscal year ended December 31, 2017, together with the independent auditors’ report thereon.
2. To elect directors for the ensuing year.
3. To appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors.
4. To re-approve the Company’s “10% rolling” incentive stock option plan in the form attached as Schedule “B” to the accompanying information circular.
5. To consider and, if thought appropriate, approve a special resolution, substantially in the form set out and attached as Schedule “C” to the accompanying information circular, authorizing an amendment to the articles of the Company to authorize the Board of Directors of the Company (the “Board”) to increase the number of directors from time to time by no more than one-third times the number of directors elected at the previous annual meeting of shareholders, in accordance with Section 106(8) of the *Canada Business Corporations Act* (“CBCA”).
6. To transact such other business as may properly be transacted at such meeting or at any adjournment thereof.

If you are unable to attend the annual general meeting in person, please read the information regarding proxies contained in the accompanying information circular and the notes included with the accompanying instrument of proxy and then complete and return the proxy within the indicated time. It should be noted that the enclosed proxy is solicited by management of the Company, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the meeting.

DATED at Toronto, Ontario, this 24<sup>th</sup> day of April, 2018

BY ORDER OF THE BOARD



René C. Goehrum  
Chairman and Chief Executive Officer

## **BIOSYENT INC.**

### **INFORMATION CIRCULAR**

as at April 24, 2018

#### **SOLICITATION OF PROXIES**

This information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of BioSyent Inc. (the “Company”) for use at the annual general and special meeting of the shareholders of the Company (the “Meeting”) to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”) and at any adjournment thereof. The solicitation will be by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. The Company does not reimburse shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy.

#### **NOTICE AND ACCESS**

The Company has elected not to send Meeting Materials (as hereinafter defined) to registered holders or Beneficial Shareholders (as hereinafter defined) of the common shares of the Company using the notice-and-access delivery procedures defined under National Instrument 54-101 – “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“NI 54-101”) and National Instrument 51-102 – “Continuous Disclosure Obligations”.

#### **APPOINTMENT AND REVOCATION OF PROXY**

##### **Registered Shareholders**

Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy. Registered shareholders should deliver their completed proxies to Computershare Investor Services Inc., 8th Floor, 100 University Ave, Toronto, Ontario, M5J 2Y1 (Fax no. (416) 263-9261) (by mail, telephone or internet according to the instructions on the proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy.

The persons named in the proxy are directors and officers of the Company and are proxyholders nominated by management. **A shareholder has the right to appoint a person other than the nominees of management named in the enclosed instrument of proxy to represent the shareholder at the Meeting. To exercise this right, a shareholder must insert the name of its nominee in the blank space provided.** A person appointed as a proxyholder need not be a shareholder of the Company.

A registered shareholder may revoke a proxy by:

- (a) signing a proxy with a later date and delivering it at the place and within the time noted above;

- (b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and delivering it to Computershare Investor Services Inc., 8th Floor, 100 University Ave, Toronto, Ontario, M5J 2Y1 (Fax No. (416) 263-9261) 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, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof;
- (c) attending the Meeting or any adjournment thereof and registering with the scrutineer as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked; or
- (d) in any other manner provided by law.

### Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders, as many shareholders do not hold their shares in the Company in their own names. Shareholders holding their common shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans or other persons (any one of which is herein referred to as an "Intermediary") or otherwise not in their own name (such shareholders herein referred to as "Beneficial Shareholders") should note that only proxies deposited by shareholders appearing on the records maintained by the Company's transfer agent as registered shareholders will be recognized and allowed to vote at the Meeting. If a shareholder's common shares are listed in an account statement provided to the shareholder by a broker, in all likelihood those common shares are not registered in the shareholder's name and that shareholder is a Beneficial Shareholder. Such common shares are most likely registered in the name of the shareholder's broker or an agent of that broker. In Canada the vast majority of such common shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting common shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Beneficial Shareholders have the option of not objecting to their Intermediary disclosing certain ownership information about themselves to the Company (such Beneficial Shareholders are designated as non-objecting beneficial owners, or "NOBOs") or objecting to their Intermediary disclosing ownership information about themselves to the Company (such Beneficial Shareholders are designated as objecting beneficial owners, or "OBOs").

In accordance with the requirements of NI 54-101, the Company has elected to send the Notice of Meeting, this Information Circular and a request for voting instructions (a "VIF"), instead of a proxy (the Notice of Meeting, Information Circular and VIF or proxy are collectively referred to herein as the "Meeting Materials") directly to the NOBOs and indirectly through Intermediaries

to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to OBOs.

Meeting Materials sent to Beneficial Shareholders are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Intermediary (or other registered shareholder) how to vote the Beneficial Shareholder's common shares on the Beneficial Shareholder's behalf. For this to occur, it is important that the VIF be completed and returned in accordance with the specific instructions noted on the VIF.

The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions ("Broadridge") in Canada. Broadridge typically prepares a machine-readable VIF, mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, usually by way of mail, the Internet or telephone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. The VIF must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through an Intermediary, please contact that Intermediary for assistance.

The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the shares which they beneficially own. A Beneficial Shareholder receiving a VIF cannot use that form to vote common shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the VIF, including those regarding when, where and how the VIF is to be delivered. Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its VIF on its behalf.

All references to shareholders in this Information Circular and the accompanying instrument of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

The Meeting Materials are being sent to both registered and non-registered owners of the Company's common shares. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of the Company's securities 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 you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

## VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

If a shareholder specifies a choice with respect to any matter to be acted upon, the shares represented by proxy will be voted or withheld from voting by the proxy holder in accordance with those instructions on any ballot that may be called for. In the absence of any instructions in the proxy form enclosed, it is intended that the relevant common shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meeting as stated under the headings in the Notice of Meeting to which this Information Circular is attached. If any amendments or variations to such matters, or any other matters, are properly brought before the meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Information Circular, management of the Company is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only those common shareholders of record on April 24, 2018 (the “Record Date”) will be entitled to vote at the Meeting or any adjournment thereof, in person or by proxy. On the Record Date, 14,509,095 common shares without par value were issued and outstanding, each common share carrying the right to one vote.

To the best knowledge of the directors and senior officers of the Company, as of the Record Date only the following shareholders beneficially own, directly or indirectly, or control or direct, shares carrying 10% or more of the voting rights attached to all outstanding common shares of the Company.

<b>Name of Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Issued and Outstanding Common Shares</b>
René C. Goehrum	2,274,116 <sup>(1)</sup>	15.7%
Alfred D’ Souza	1,578,371	10.9%

Note:

<sup>(1)</sup> This figure represents shares owned directly and indirectly, including 500,000 common shares held indirectly through Aquiam Partners Ltd., a company of which Mr. Goehrum is a director, officer and shareholder.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A) FINANCIAL STATEMENTS**

The shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2017 together with the independent auditor's report thereon. Receipt at the Meeting of the financial statements of the Company for the financial year ended December 31, 2017, and the independent auditor's report thereon, will not constitute approval or disapproval of any matters referred to therein.

### **B) ELECTION OF DIRECTORS**

The Board presently consists of six directors, and it is anticipated that six directors will be elected for the coming year. The term of office for persons elected at the Meeting will expire at the next annual general meeting of shareholders of the Company, unless a director resigns or is otherwise removed in accordance with the articles of the Company or the CBCA.

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the election as directors of the proposed nominees of management whose names are set forth in the table below unless the shareholder has specified in the form of proxy that the common shares represented by such form of proxy are to be withheld from voting in respect thereof.

It should be noted that the names of further nominees for election as director may come from the floor during the Meeting.

The following table sets out the names of the persons to be presented for election as director as nominees of management, their principal occupation or employment, the year in which they first became a director of the Company and the number of common shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them, if any, as at the date hereof:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>No. of Common Shares Beneficially Owned or Controlled</b>
<b>Larry Andrews</b> Ontario, Canada	Founder and President The Health Alliance Group	2018	Nil
<b>Joseph Arcuri</b> Ontario, Canada	Executive Vice President, Operations and Finance, Content Group St. Joseph Communications	N/A	Nil
<b>Sara Elford</b> British Columbia, Canada	Corporate Director and Consultant	2018	13,200
<b>René Goehrums</b> Ontario, Canada	President and CEO BioSyent Inc.	1996	2,274,116 <sup>(1)(2)</sup>
<b>Peter Lockhard</b> <sup>(3)(4)(5)</sup> Ontario, Canada	Chief Operating Officer Points International Ltd.	2002	657,892 <sup>(2)</sup>
<b>Stephen Wilton</b> <sup>(3)</sup> Ontario, Canada	President Market Access Investment Advisors Inc.	2014	Nil

Notes:

- (1) Common shares are held both directly and indirectly through 1069867 Ontario Ltd.
- (2) Includes shares owned indirectly through Aquiam Partners Ltd.
- (3) Member of Audit Committee.
- (4) Member of Compensation and Human Resources Committee.
- (5) Member of Nominating Committee.

The following are biographies of each of the nominees named above including all other positions and offices with the Company now held by them:

**Larry Andrews, Director - Independent**

Larry Andrews has been a Director of BioSyent Inc. since January 8, 2018. Mr. Andrews presently serves as Founder and President of The Health Alliance Group, a healthcare consulting firm. Between 2015 and 2017, Mr. Andrews served as a Board Director for GMD Distribution Inc., a logistics service provider for the life sciences industry, which was acquired by McKesson Canada in 2017. Between 2004 and 2014, Mr. Andrews was President and CEO of Cipher Pharmaceuticals,



a TSX-listed Canadian pharmaceutical company. He previously served as President of AltiMed Pharmaceutical Company, as well as other senior leadership roles with major pharmaceutical companies, including Hoffman La Roche, Janssen Pharmaceuticals, and Eli Lilly Canada.

#### **Joseph Arcuri - Independent**

Joseph Arcuri, CPA, CA, presently serves as Executive Vice President, Operations and Finance, Content Group, at St. Joseph Communications, a marketing communications firm. Between 2013 and 2016, Mr. Arcuri served as Chief Operating and Chief Financial Officer at TableRock Media Ltd., a streaming service company. In 2012, Mr. Arcuri was Chief Financial Officer of GlassBOX Television Inc., a television service provider. Between 2007 and 2011, Mr. Arcuri was President of AOL Canada Inc., an internet service provider and previously led Bell Canada's managed services group. Mr. Arcuri started his professional career with PriceWaterhouseCoopers within its assurance group and later transferred to its valuation, and mergers and acquisitions service team. He is also currently the treasurer and an executive board member of Villa Charities Inc.

#### **Sara Elford, Director - Independent**

Sara Elford has been a Director of BioSyent Inc. since January 8, 2018. Ms. Elford presently serves as an Independent Director of Carmanah Technologies Corporation, a TSX-listed solar lighting design and manufacturing company, and Hydrogenics Corporation, a TSX and NASDAQ-listed fuel cell and hydrogen generation design and manufacturing company. Between 2015 and 2017, Ms. Elford served as an Independent Director of Pure Technologies Ltd., a TSX-listed infrastructure technology company. Between 1995 and 2015, Ms. Elford was a Director and Research Analyst with Canaccord Genuity Group Inc. and previously served in investment banking roles with Kidder Peabody and Wood Gundy. Ms. Elford is a Chartered Financial Analyst Charterholder.

#### **René Goehrum, Director, Chairman, President and CEO**

René Goehrum currently serves as President and CEO of BioSyent Inc. He has been CEO of the Company since May 1999 and Chairman of the Board of Directors of the Company since June 1999. Mr. Goehrum was President of the Company from 1997 to 2001 and was re-appointed as President of the Company in June 2006. Mr. Goehrum has also been a Managing Director of Aquiam Partners Ltd., a private equity firm, since October 2001.

#### **Peter Lockhard, Director - Independent**

Peter Lockhard has been a Director of BioSyent Inc. since June 2002 and currently acts as member and Chair of the Audit Committee, Nominating Committee, and Compensation and Human Resources Committee of the Board of Directors. Mr. Lockhard currently serves as Chief Operating Officer of Points International Ltd. where he has been a member of the executive leadership team since 2005. Mr. Lockhard is also a Managing Director of Aquiam Partners Ltd., a private equity firm.

### **Stephen Wilton, Director - Independent**

Stephen Wilton has been a Director of BioSyent Inc. since January 2014 and is currently a member of the Audit Committee of the Board of Directors. Since 2013, Mr. Wilton has served as President at Market Access Investment Advisors Inc. Previously, Mr. Wilton served as Vice President of Pharmacy Affairs for the Canadian Association of Chain Drug Stores from 2011 to 2012 and Executive Director at AstraZeneca from 1993 to 2010.

#### *Cease Trade Orders, Bankruptcies, Penalties and Sanctions*

To the best of the Company's knowledge, no proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
  - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) within a year of that person ceasing to act in that capacity, became 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 its assets
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 proposed director; or
- (c) 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 be likely to be considered important to a reasonable investor making an investment decision.

### **C) RE-APPOINTMENT OF AUDITORS**

Management proposes to re-appoint MNP LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the Board to fix the auditors' remuneration. The auditors will hold office until the next annual meeting of shareholders or until their successors are appointed. The resolution must be approved by a majority of the votes cast by the shareholders present in person or voting by proxy at the Meeting in order for it to be adopted. The Board and management of the Company recommend that shareholders vote FOR the ordinary resolution.

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the re-appointment of MNP LLP as the auditors of the Company unless the shareholder has specified in the form of proxy that the common shares represented by such form of proxy are to be withheld from voting in respect thereof.

### **D) RE-APPROVAL OF STOCK OPTION PLAN**

On May 24, 2017, the shareholders of the Company re-approved the "10% rolling" incentive stock option plan (the "SOP"). A complete copy of the SOP is attached as Schedule "B" to this Information Circular. See "Incentive Stock Option Plan" for a summary of the terms of the SOP. Pursuant to the policies of the TSX Venture Exchange (the "TSXV"), the SOP must be approved annually by a majority of shareholders of the Company. At the Meeting, shareholders will be asked to approve, with or without variation, an ordinary resolution re-approving the adoption by the Company of the SOP. The resolution must be approved by a majority of the votes cast by the shareholders present in person or voting by proxy at the Meeting in order for it to be adopted.

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the resolution providing for the re-approval of the SOP unless the shareholder has specified in the form of proxy that the common shares represented by such form of proxy are to be voted against the ordinary resolution.

### **E) NUMBER OF DIRECTORS**

Shareholders will be asked to consider and, if thought appropriate, approve a special resolution, substantially in the form set out in Schedule "C" of this Information Circular, authorizing an amendment to the articles of the Company to authorize the Board to increase the number of directors from time to time, in accordance with Section 106(8) of the CBCA.

Section 106(8) of the CBCA provides that, if the articles of a company so allow, the Board may appoint one or more additional directors, provided that the directors may not, between meetings of the shareholders, increase the number of directors on the board to a total number greater than one third of the number of directors elected at the previous annual meeting of shareholders. The resolution must be approved by at least two-thirds of the votes cast by the shareholders present in person or voting by proxy at the Meeting in order for it to be adopted.

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the resolution providing for the approval of the amendment to the articles of the Company to authorize the Board to increase the number of directors from time to time unless the shareholder has

specified in the form of proxy that the common shares represented by such form of proxy are to be voted against the special resolution.

## **F) OTHER MATTERS**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the persons named in the proxy intend to vote on any poll, in accordance with their best judgment, exercising discretionary authority with respect to amendments or variations of matters ratified in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.

## **EXECUTIVE COMPENSATION**

### *Compensation Discussion and Analysis*

#### Interpretation

In this Information Circular, a “Named Executive Officer” (“NEO”) means:

- (a) the Company’s Chief Executive Officer (“CEO”);
- (b) the Company’s Chief Financial Officer (“CFO”);
- (c) each of the three most highly compensated executive officers of the Company, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are René Goehrum (CEO and President), Alfred D’Souza (CFO and Vice President, Finance), Kevin Wilson (Vice President, Community Health Business), Sharan Raghubir (Director, Hospital Business), and Peter Weiler (Vice President, Business Development). No other individuals fall within the NEO definition as at the date hereof.

#### Compensation Program Objectives

The Compensation and Human Resources Committee of the Board oversees the compensation of executive officers of the Company. The Compensation and Human Resources Committee recommends and obtains the approval of the Board for all compensation plans or policies applicable to executive officers, including those whose compensation is set forth under the heading “Summary Compensation Table” below. See “Corporate Governance Disclosure – Compensation” below.

The Company's policy regarding executive compensation has the following objectives:

- to ensure that policies regarding compensation are aligned with the Company's business objectives;
- to provide levels of total compensation sufficient to attract and retain effective employees; and
- to ensure that management executives' interests are consistent with the objectives of the Board and Company's shareholders.

Overall, the Company's executive compensation policy aims to design executive compensation packages that meet executive compensation levels for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics.

#### *Purpose of the Compensation Program*

The Company's executive compensation program has been designed to reward executives for reinforcing the Company's business policies and values, for achieving the Company's performance objectives and for their individual performances.

#### *Elements of Compensation Program*

The compensation package for the executive officers of the Company is principally composed of the following elements:

- base salary and benefits;
- an incentive program that currently takes the form of discretionary bonuses linked to the Company's financial and operating performance and other initiatives that enhance the intrinsic value of the Company (which incentives are duly approved by the Board); and
- long-term incentive programs, comprising:
  - the SOP, subject to shareholder re-approval at the Meeting, as described below;
  - the Employee Share Purchase Plan ("ESPP"), as described below; and
  - the Management Share Loan Program ("MSLP"), as described below.

#### *Purpose of Each Element of the Executive Compensation Program*

The base salary and benefits of a NEO are intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration. In addition to a fixed base salary, the incentive program exists to motivate the NEO to achieve short-term goals. The Company's SOP, ESPP and MSLP provide long-term incentives to the Company's officers and employees to advance the Company's ongoing product commercialization programs and to enhance shareholder value.

Determination of the Amount of Each Element of the Executive Compensation Program

*Base Salary*

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal “peer group”. The Compensation and Human Resources Committee relies on the general experience of its members in setting base salary amounts.

*Annual Incentive Program*

The Board is responsible for establishing the Compensation and Human Resources Committee and is responsible for approving the aggregate amount payable under the annual incentive program. The Compensation and Human Resources Committee oversees the operation of the Company's incentive program by evaluating and approving the amount of discretionary bonus payable. The discretionary bonus for each individual NEO varies depending upon the position and various factors linked to the Company's financial and operating performance.

*Long-term Incentive Programs*

*i) SOP*

The Company has established the SOP under which Options (as hereinafter defined) are granted to directors, officers, employees and consultants as an incentive to serve the Company in attaining its goal of improved shareholder value.

The Board, based on recommendations of the Compensation and Human Resources Committee where appropriate, determines which NEOs (and other persons) are entitled to: receive Options; the number of Options to be granted to such individuals; and the date on which each Option is granted, the corresponding exercise price and any applicable vesting conditions. The number of Option grants is determined, in part, by the amount and terms of outstanding and expiring Options, the experience and expertise of each executive officer and the needs of the Company, among other factors. The Board makes these determinations subject to the provisions of the SOP and the policies of the TSXV. For further information regarding the SOP refer to “Incentive Stock Option Plan”.

*ii) ESPP*

As part of the Company's long term incentive program, the Corporation established the ESPP effective January 1, 2017. The purpose of the ESPP is to encourage equity ownership in the Company by its employees through the purchase of common shares of the Company. All full-time employees (including NEOs) of the Company who have been employed for more than ninety (90) days in any calendar year are eligible to participate in the ESPP. A participant may choose to participate in a Registered ESPP (as defined in the ESPP) or a Non-Registered ESPP (as defined in the ESPP).

Under the terms of the ESPP, the Company makes a matching contribution equal to 100% of the amount of each participant's contribution, up to a maximum of 2.5% of the participant's base salary during a calendar year for the purchase of additional common shares. All common shares of the Company that are purchased through the Company's matching contributions are subject to a twelve (12) month hold period during which the participant may not sell, transfer or otherwise dispose of such shares, except in limited circumstances.

The amounts contributed to the ESPP by participants and by the Company will be applied, on behalf of the participant, to the purchase of common shares through the facilities of the TSXV at prevailing market prices and will be held in the participant's registered and/or non-registered accounts by the ESPP administrator.

*iii) MSLP*

In 2016, the Board approved a Management Share Loan Program as an additional incentive program for the Company's leadership team for the purpose of enhancing the commitment of key management personnel to the Company's long-term growth and success. Effective starting May 26, 2017, the MSLP provides for the provision of one-time secured loans to members of the leadership team, including NEOs (each a "Borrower"), up to a maximum of fifty percent of each Borrower's base annual salary, for the purpose of the Borrower purchasing the Company's common shares at the prevailing market price through the facilities of the TSX Venture Exchange.

The MSLP is administered by the CFO and CEO of the Company under the oversight of the Chair of the Compensation and Human Resources Committee. Additionally, the Company engaged a third party service provider (the "MSLP Agent") which assisted with the administration of the acquisition of the common shares purchased by Borrowers with the proceeds of the loans under the MSLP.

Each Borrower authorized the Company to deliver the loan amounts to the MSLP Agent for the sole purpose of the MSLP Agent causing the proceeds to be used to purchase common shares of the Company, on the Borrower's behalf, on the open market through the facilities of the TSXV.

Each loan bears interest at an annual rate of one percent (1.00%) and has a maturity date of five (5) years from the date that the loan was advanced, or May 26, 2022.

All common shares of the Company purchased with the proceeds of a loan are required to be pledged as security for the satisfaction and performance of the loan obligations. If the Borrower ceases to be employed by the Company or a subsidiary of the Company prior to the end of the five-year maturity date, all outstanding loan obligations shall become due and payable on the 30<sup>th</sup> day following the date of termination. In addition, in the event of a default by the Borrower of the terms of the loan, among other circumstances, the loan obligations will become due and payable immediately.

Subject to the pledge on the common shares in favour of the Company, the Borrower is the sole owner of all common shares purchased on its behalf pursuant to the MSLP. All proceeds from the sale of common shares acquired through the MSLP are directed to the Company until the loan obligations have been satisfied in full.

*General*

In fiscal 2017, the Company recorded total comprehensive income of \$5,182,772. The Company awarded \$241,635 in aggregate bonuses to NEOs for 2017, which were paid in 2018. During 2017, 27,948 Options were also awarded to NEOs.

The Company's compensation practices and policies, as approved by the Compensation and Human Resources Committee, are generally designed to mitigate against excessive risk taking behaviour or situations that could encourage an executive officer to expose the Company to inappropriate or excessive risk. For example, the compensation policies and practices of the Company: (i) are structured uniformly across its various divisions; (ii) are structured uniformly for all executive officers (including NEOs); (iii) do not vary significantly from the overall compensation structure of the Company; (iv) do not reward the accomplishment of a task while the risk to the Company from that task extends over a significantly longer period; (v) do not reward performance goals or similar conditions that are heavily weighed to short-term rather than long-term objectives; or (vi) provide a maximum benefit or payout limit to executive officers (including NEOs).

The Company has not adopted a formal policy with respect to the purchase of financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by NEOs or directors. The Board strongly discourages such practice by any NEO or director and the Board is not aware of any such instrument having ever been purchased by a NEO or director.

For further details concerning the Compensation and Human Resources Committee, see "Corporate Governance".

*Link to Overall Compensation Objectives*

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The fixed base salary of each NEO, combined with the Annual Incentive Program and Long-term Incentive Programs, have been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.



**Summary Compensation Table**

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company and its subsidiaries for the three most recently completed financial years ending December 31, 2017, December 31, 2016 and December 31, 2015, in respect of the NEOs of the Company.

Name and principal position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(6)</sup>	Long-term incentive plans			
René Goehrum CEO President	2017	280,000	7,000	83,969 <sup>(2)</sup>	113,120	Nil	N/A	24,988	509,077
	2016	265,000	Nil	52,283 <sup>(3)</sup>	110,770	Nil	N/A	25,000	453,053
	2015	250,000	Nil	48,955 <sup>(4)</sup>	87,500	Nil	N/A	20,000	406,455
Alfred D'Souza CFO VP, Finance	2017	170,000	4,250	33,985 <sup>(2)</sup>	56,000	Nil	N/A	Nil	264,235
	2016	160,000	Nil	23,511 <sup>(3)</sup>	35,000	Nil	N/A	Nil	218,511
	2015	150,000	Nil	21,917 <sup>(4)</sup>	34,000	Nil	N/A	Nil	205,917
Kevin Wilson VP, Community Health Business	2017	142,000	3,550	21,292 <sup>(2)</sup>	40,000	Nil	N/A	9,000	215,842
	2016	136,500	Nil	13,460 <sup>(3)</sup>	27,500	Nil	N/A	8,400	185,860
	2015	132,500	Nil	13,204 <sup>(4)</sup>	24,000	Nil	N/A	8,400	178,104
Sharan Raghbir Director, Hospital Business	2017	132,000	3,300	19,790 <sup>(2)</sup>	17,820	Nil	N/A	9,000	181,910
	2016	122,000	Nil	11,609 <sup>(3)</sup>	21,000	Nil	N/A	8,400	163,009
Peter Weiler VP, Business Development	2017	61,231	Nil	50,032 <sup>(5)</sup>	14,695	Nil	N/A	3,000	128,958

Notes:

- (1) Company contributions to ESPP.
- (2) Options were granted under the SOP in March 2017 with a fair value of \$7.22 per option calculated using the Black-Scholes method of option valuation using the following assumptions: Risk-free interest rate of 1.81%; Dividend Yield of 0%; Volatility factor of expected market price of 148.45%; Average expected option life of 10 years.
- (3) Options were granted under the SOP in February 2016 with a fair value of \$6.11 per option calculated using the Black-Scholes method of option valuation using the following assumptions: Risk-free interest rate of 1.01%; Dividend Yield of 0%; Volatility factor of expected market price of 158.60%; Average expected option life of 10 years.

- (4) Options were granted under the SOP in February 2015 with a fair value of \$10.85 per option calculated using the Black-Scholes method of option valuation using the following assumptions: Risk-free interest rate of 1.30%; Dividend Yield of 0%; Volatility factor of expected market price of 152.40%; Average expected option life of 10 years.
- (5) Peter Weiler joined the Company in August 2017 as Vice President, Business Development, and at such time was granted 5,921 options with a fair value of \$8.45 per option calculated using the Black-Scholes method of option valuation using the following assumptions: Risk-free interest rate of 1.85%; Dividend Yield of 0%; Volatility factor of expected market price of 147.44%; Average expected option life of 10 years.
- (6) Non-equity incentive plan compensation represents bonus earned during the fiscal year.

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

The following table sets forth information in respect of all option-based awards outstanding at the end of the most recently completed financial year ended December 31, 2017, to the NEOs of the Company:

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of securities underlying unexercised Options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money Options (\$)<sup>(1)</sup></b>
René Goehrum	8,375	4.45	Jan. 14, 2019	43,131
	1,522	7.45	Jun. 12, 2024	3,272
	4,512	10.97	Feb. 1, 2025	N/A
	8,557	6.20	Feb. 12, 2026	29,094
	11,630	7.35	Mar. 15, 2027	26,168
Alfred D'Souza	3,350	4.45	Jan. 14, 2019	17,253
	924	7.45	Jun. 12, 2024	1,987
	2,020	10.97	Feb. 1, 2025	N/A
	3,848	6.20	Feb. 12, 2026	13,083
	4,707	7.35	Mar. 15, 2027	10,591
Kevin Wilson	1,551	4.45	Jan. 14, 2019	7,988
	882	7.45	Jun. 12, 2024	1,896
	1,217	10.97	Feb. 1, 2025	N/A
	2,203	6.20	Feb. 12, 2026	7,490
	2,949	7.35	Mar. 15, 2027	6,635
Sharan Raghubir	3,138	10.97	Feb. 1, 2025	N/A
	1,900	6.20	Feb. 12, 2026	6,460
	2,741	7.35	Mar. 15, 2027	6,167
Peter Weiler	5,921	8.60	Aug. 15, 2027	5,921

Note:

- (1) Value of unexercised in-the-money options is calculated using the closing price of \$9.60 for the common shares of the Company on the TSX Venture Exchange on December 31, 2017 less the exercise price of in-the-money options.

The following table sets forth information in respect of all share-based awards outstanding at the end of the most recently completed financial year ended December 31, 2017, to the NEOs of the Company

<b>Share-based Awards</b>			
<b>Name</b>	<b>Number of shares or units of shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>	<b>Market or payout value of vested share-based awards not paid out or distributed (\$)</b>
René Goehrum	Nil	N/A	N/A
Alfred D'Souza	Nil	N/A	N/A
Kevin Wilson	Nil	N/A	N/A
Sharan Raghubir	Nil	N/A	N/A
Peter Weiler	Nil	N/A	N/A

***Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year***

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year ended December 31, 2017:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
René Goehrum	25,812	7,000	113,120
Alfred D'Souza	14,859	4,250	56,000
Kevin Wilson	6,570	3,550	40,000
Sharan Raghubir	12,082	3,300	17,820
Peter Weiler	Nil	Nil	14,695

***Termination of Employment, Change in Responsibilities and Employment Contracts***

During the most recently completed financial year there were no employment contracts between the Company or its subsidiaries and a NEO, and no compensatory plans, contracts or arrangements where a NEO is entitled to receive any compensation from the Company or its subsidiaries, including periodic payments or instalments, in the event of:

- (a) the resignation, retirement or any other termination of the NEO's employment with the Company and its subsidiaries;
- (b) a change of control of the Company or any of its subsidiaries; or
- (c) a change in the NEO's responsibilities following a change in control.

**COMPENSATION OF DIRECTORS**

***Description of Compensation of Directors***

The Compensation and Human Resources Committee of the Board of Directors reviews the compensation of directors on an annual basis and recommends compensation amounts to the Board for all Directors, committee members and committee Chairs. For the year ended December 31, 2017, the Board of Directors approved the following annual remuneration: \$18,000 for each director (with up to 50% payable through the grant of Options, at the choice of the director); \$3,600 for each member of the Audit Committee and an additional \$1,800 for the Audit Committee Chair; and, \$3,600 for each member of the Compensation and Human Resources Committee and an additional \$1,800 for the Compensation and Human Resources Committee Chair.

***Director Compensation Table***

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Company for the most recently completed financial year ended December 31, 2017, other than René Goehrum whose compensation is fully reflected in the summary compensation table for the NEOs and who receives no compensation directly related to his Board participation:

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Douglas R. Larson <sup>(2)</sup>	18,000	Nil	Nil	Nil	N/A	21,500 <sup>(1)</sup>	39,500
Peter D. Lockhard	19,800	Nil	9,000	Nil	N/A	Nil	28,800
Paul Montador	16,200	Nil	9,000	Nil	N/A	Nil	25,200
Milton Wakefield <sup>(2)</sup>	21,600	Nil	Nil	Nil	N/A	Nil	21,600
Stephen Wilton	12,600	Nil	9,000	Nil	N/A	Nil	21,600

Notes:

- (1) Mr. Larson received a \$21,500 per annum consulting fee in 2017 for sales and marketing services provided to a subsidiary of the Company.
- (2) Mr. Larson and Mr. Wakefield retired from the Board of Directors on January 8, 2018.

***Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation***

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

The following table sets forth information in respect of all option-based awards outstanding at the end of the most recently completed financial year ended December 31, 2017, to the directors of the Company other than René Goehrums, whose compensation is fully reflected in the summary compensation table for the NEOs:

Name	Option-based Awards			
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>
Douglas R. Larson <sup>(2)</sup>	555	10.97	Feb. 3, 2025	N/A
Peter D. Lockhard	555	10.97	Feb. 3, 2025	N/A
	1,228	6.20	Feb. 12, 2026	4,175
	1,246	7.35	Mar. 15, 2027	2,804
Paul Montador	993	4.45	Jan. 14, 2019	5,114
	555	10.97	Feb. 3, 2025	N/A
	1,228	6.20	Feb. 12, 2026	4,175
	1,246	7.35	Mar. 15, 2027	2,804
Milton Wakefield <sup>(2)</sup>	555	10.97	Feb. 3, 2025	N/A
Stephen Wilton	4,053	4.45	Jan. 14, 2019	20,873
	555	10.97	Feb. 3, 2025	N/A
	1,228	6.20	Feb. 12, 2026	4,175
	1,246	7.35	Mar. 15, 2027	2,804

Notes:

<sup>(1)</sup> Value of unexercised in-the-money options is calculated using the closing price of \$9.60 for the common shares of the Company on the TSX Venture Exchange on December 31, 2017 less the exercise price of in-the-money options.

<sup>(2)</sup> Mr. Larson and Mr. Wakefield retired from the Board of Directors on January 8, 2018.

The following table sets forth information in respect of all share-based awards outstanding at the end of the most recently completed financial year ended December 31, 2017, to the directors of the Company other than René Goehrum, whose compensation is fully reflected in the summary compensation table for the NEOs:

<b>Share-based Awards</b>			
<b>Name</b>	<b>Number of shares or units of shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>	<b>Market or payout value of vested share-based awards not paid out or distributed (\$)</b>
Douglas R. Larson <sup>(1)</sup>	Nil	N/A	N/A
Peter D. Lockhard	Nil	N/A	N/A
Paul Montador	Nil	N/A	N/A
Milton Wakefield <sup>(1)</sup>	Nil	N/A	N/A
Stephen Wilton	Nil	N/A	N/A

Note:

- <sup>(1)</sup> Mr. Larson and Mr. Wakefield retired from the Board of Directors on January 8, 2018.

*Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year*

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year ended December 31, 2017, other than René Goehrum, whose compensation is fully reflected in the summary compensation table for the NEOs:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Douglas R. Larson <sup>(1)</sup>	3,752	Nil	Nil
Peter D. Lockhard	8,242	Nil	Nil
Paul Montador	8,242	Nil	Nil
Milton Wakefield <sup>(1)</sup>	3,752	Nil	Nil
Stephen Wilton	8,242	Nil	Nil

Note:

- <sup>(1)</sup> Mr. Larson and Mr. Wakefield retired from the Board of Directors on January 8, 2018.



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as of the end of the Company’s fiscal year ended December 31, 2017, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders – the SOP	128,411	\$7.20	1,322,499
<b>Total</b>	<b>128,411</b>	<b>\$7.20</b>	<b>1,322,499</b>

On March 11, 2014, the Board adopted the SOP. As at the date of this Information Circular, the aggregate number of common shares that have been reserved for issuance under the SOP is 1,450,910 (representing 10% of the Company’s outstanding common shares as at such date). As at the date of this Information Circular, 1,286,932 options remain available for future grant under the SOP. 163,978 Options have been awarded under the SOP as of the date hereof. Please see “Incentive Stock Option Plan” of this Information Circular.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, as of the date of this Information Circular, the aggregate indebtedness of directors and NEOs to the Company or its subsidiaries and to other entities where such indebtedness is the subject of a guarantee or other similar arrangement provided by the Company or any of its subsidiaries:

<b>AGGREGATE INDEBTEDNESS (\$)</b>		
<b>Purpose</b>	<b>To the Company or its Subsidiaries</b>	<b>To Another Entity</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Share Purchases	279,535 <sup>(1)</sup>	Nil
Other	Nil	Nil

Note:

- (1) Aggregate indebtedness represents loans advanced to NEOs participating in the MSLP on May 26, 2017 plus accrued interest at 1.00 % per annum to the date of this Information Circular.

The following table sets out, as of the date of this Information Circular, the indebtedness of directors and NEOs to the Company or its subsidiaries and to other entities where such indebtedness is the subject of a guarantee or other similar arrangement provided by the Company or any of its subsidiaries:

<b>INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE PROGRAMS</b>						
<b>Name and Principal Position</b>	<b>Involvement of Company or Subsidiary</b>	<b>Largest Amount Outstanding During Fiscal 2017 (\$)</b>	<b>Amount Outstanding as at April 24, 2018 (\$)</b>	<b>Financially Assisted Securities Purchases During Fiscal 2017 (#)</b>	<b>Security for Indebtedness</b>	<b>Amount Forgiven During Fiscal 2017 (\$)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>
<b>Securities Purchase Programs - Management Share Loan Program (MSLP)</b>						
René Goehrum Director, Nominee CEO and President	Lender	140,844	141,281	17,493	Pledged common shares	Nil
Kevin Wilson VP, Community Health Business	Lender	71,428	71,650	8,871	Pledged common shares	Nil
Sharan Raghubir Director, Hospital Business	Lender	66,398	66,604	8,246	Pledged common shares	Nil

Other than the individuals named above, no other directors, executive officers, or proposed nominees for election as directors were indebted to the Company or its subsidiaries as of the date hereof. Each participating NEO's MSLP loan bears interest at a rate of 1.00% per annum.

The MSLP loans are full recourse and are secured by a pledge of the common shares purchased under the MSLP by the Borrowers in favour of the Company. The MSLP loans are repayable by the Borrowers upon any sale of pledged shares by a Borrower in proportion to the then outstanding loan principal balance plus any interest then accrued to date. The remaining MSLP loan principal plus accrued interest must be fully repaid by the Borrowers no later than May 26, 2022 (the "Maturity Date"). If a Borrower ceases to be employed by the Company prior to the end of the five-year Maturity Date, all outstanding loan obligations shall become due and payable on the 30th day following the date of termination. In addition, in the event of a default by a Borrower, of the terms of the loan, the loan obligations will become due and payable immediately.

**CORPORATE GOVERNANCE DISCLOSURE**

The Board believes that the principle objective of the Company is to generate economic returns with the goal of maximizing shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board's

responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, environmental oversight, communications with other parties and overseeing financial and corporate issues. The Board believes that good corporate governance practices provide an important framework for timely response by the Board to situations that may directly affect shareholder value. The Board is committed to practicing good corporate governance, and has adopted a corporate governance manual which contains numerous guidelines to help it practice good corporate governance.

#### *Board Independence*

The Board must have the capacity, independently of management, to fulfill its responsibilities. Independence is based upon the absence of relationships and interests that could compromise the ability of a director to exercise judgement with a view to the best interests of the Company. To facilitate independence, the Company is committing to the following practices:

1. The recruitment of strong, independent directors.
2. A majority of the directors being independent.
3. Delegation of the lead role in the director selection/evaluation process to the Nominating Committee and the lead role in the Chief Executive Officer evaluation process to the Compensation and Human Resources Committee.
4. All committees of the Board being constituted of a majority of independent directors, and solely independent directors if possible.

As of the date hereof, of the six proposed director nominees, Larry Andrews, Joseph Arcuri, Peter Lockhard, Stephen Wilton and Sara Elford are independent. The one remaining nominee director, Mr. René C. Goehrum, is not independent by virtue of his being an officer of the Company and/or subsidiaries of the Company.

#### *Other Directorships*

Sara Elford presently serves as an Independent Director of Carmanah Technologies Corporation, a TSX-listed solar lighting design and manufacturing company, and Hydrogenics Corporation, a TSX and NASDAQ-listed fuel cell and hydrogen generation design and manufacturing company.

#### *Orientation and Continuing Education*

New directors of the Company are provided with an orientation and education program which includes written information about the duties and obligations of directors, the business and operations of the Company, documents from recent board meetings and opportunities for meetings and discussion with senior management and other directors. Details of the orientation of each new director are tailored to that director's individual needs and areas of interest.

The Company also provides continuing education opportunities to directors so that they may maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Company's business remains current.

### *Ethical Business Conduct*

The Company has adopted a Code of Business Conduct and Ethics (the “Code”) which is intended to document the principles of conduct and ethics to be followed by the Company’s directors, officers and employees. The purpose of the Code is the following:

1. Promote integrity and deter wrongdoing.
2. Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. Promote avoidance of absence of conflicts of interest.
4. Promote full, fair, accurate, timely and understandable disclosure in public communications made by the Company.
5. Promote compliance with applicable governmental laws, rules and regulations.
6. Promote and provide a mechanism for the prompt, internal reporting of departures from the Code.
7. Promote accountability for adherence to the Code.
8. Provide guidance to the Company’s directors, officers and employees to help them recognize and deal with ethical issues.
9. To help foster a culture of integrity, honesty and accountability throughout the Company.

### *Nomination of Directors*

The Board has established a Nominating Committee, the primary function of which is to assist the Board in fulfilling its responsibilities with respect to identifying and evaluating qualified candidates and recommending such candidates for nomination to the Board and its various committees.

In making its recommendations to the Board, the Nominating Committee considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, the competencies and skills each new nominee will bring to the Board and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

For the financial year ended December 31, 2017, the Nominating Committee consisted of one member, Mr. Peter Lockhard, who is an independent director within the meaning of National Instrument 58-101 – “Disclosure of Corporate Governance Practices” (“NI 58-101”).

### *Compensation*

The Board has established a Compensation and Human Resources Committee, which, among other matters, is responsible for reviewing the adequacy and form of compensation paid to the

Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Compensation and Human Resources Committee evaluates the performance of the CEO and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

For the financial year ended December 31, 2017, the members of the Compensation and Human Resources Committee were Mr. Peter Lockhard (Chair), Mr. Paul Montador and Mr. Milton Wakefield, who were all independent directors within the meaning of NI 58-101.

#### *Other Board Committees*

The Board has not established any committees other than the Audit Committee, the Compensation and Human Resources Committee and the Nominating Committee.

#### *Assessments*

The Board has delegated to the Nominating Committee the responsibility for carrying out a review and assessment of the overall performance and effectiveness of the Board, its committees and contributions of individual directors on an annual basis. The objective of this review will be to facilitate a continuous improvement in the Board's execution of its responsibilities.

### **AUDIT COMMITTEE**

#### *General*

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

#### *Terms of Reference for the Audit Committee*

The Board has adopted Terms of Reference for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee's Terms of Reference is attached as Schedule "A" to this Information Circular.

### *Composition*

The Audit Committee consisted of the following three directors as of December 31, 2017. Also indicated is whether they are considered ‘independent’ and ‘financially literate’.

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Peter Lockhard (Chair)	Yes	Yes
Paul Montador	Yes	Yes
Stephen Wilton	Yes	Yes

Notes:

- (1) A member of the Audit Committee is independent if he has no direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. An executive officer of the Company, such as the CEO, is deemed to have a material relationship with the Company.
- (2) A member of the Audit Committee is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Because the shares of the Company are listed on the TSXV, it is categorized as a venture issuer. As a result, pursuant to National Instrument 52-110 – “Audit Committees” (“NI 52-110”), the Company is exempt from the requirement that all of the members of the Company’s Audit Committee must be independent.

### *Relevant Education and Experience*

Each member of the Audit Committee has relevant education and experience with respect to the following:

- (a) understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements; and
- (d) understanding of internal controls and procedures for financial reporting.

### *Audit Committee Oversight*

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

*Reliance on Certain Exemptions*

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-Audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

*Pre-Approval Policies and Procedures*

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services; however, as provided for in NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

*External Auditor Service Fees (By Category)*

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees <sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
December 31, 2017	\$55,000	\$3,850	-	\$5,000
December 31, 2016	\$46,000	\$3,220	\$16,850	\$19,661
December 31, 2015	\$44,000	\$3,080	-	-

Notes:

- (1) The aggregate fees billed by the Company's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

**INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No person who has been a director or an executive officer of the Company at any time since the beginning of its most recently completed financial year, any proposed nominee for election as a director of the Company or any associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting (other than the election of directors or the appointment of auditors), except as disclosed in this Information Circular.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the

Company's most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

## **INCENTIVE STOCK OPTION PLAN**

The Company is required, under the policies of the TSXV, to adopt a stock option plan for the benefit of directors, officers, employees and consultants of the Company. The Board has adopted the SOP, which provides for equity participation in the Company by eligible directors, officers, employees and consultants through the acquisition of common shares. The SOP was adopted by the Board on March 11th, 2014, approved by the shareholders of the Company on June 10, 2014, and re-approved on June 12, 2015, May 26, 2016 and May 24, 2017. The SOP is expected to remain in effect upon re-approval by the shareholders.

The purpose of the SOP is to assist the Company in attracting, retaining and motivating directors, officers, employees and other persons who provide ongoing services to the Company and its affiliates (collectively, the "Participants" and, individually, the "Participant") and to closely align the personal interests of such Participants with those of the Company's shareholders, by providing them with the opportunity to acquire common shares of the Company, and thereby a proprietary interest in the Company and its subsidiaries, through the exercise of share purchase options (the "Options").

The following is intended as a summary of the SOP, and is qualified in its entirety by the full text of the SOP in the form attached hereto as Schedule "B" to this Information Circular.

The SOP includes the following provisions:

- The number of common shares to be reserved and authorized for issuance pursuant to Options granted under the SOP is 10% of the issued and outstanding common shares of the Company from time to time.
- Any Options previously granted under the Company's previous stock option plan (the "Previous Plan Options"), are deemed to have been issued under and will be governed by the terms of the SOP and, in the event of any inconsistency between the terms of the agreements governing the Previous Plan Options and the terms of the SOP, the terms of such agreements shall govern.
- The exercise price for Options granted under the SOP will not be less than the market price of the common shares less the maximum discount permitted under the regulations of the stock exchange on which the common shares are principally traded or such other minimum exercise price as may be required or permitted by such stock exchange.
- Options may be exercisable for a term of up to ten years, subject to earlier termination in the event of death, disability or the Participant's cessation of services to the Company.
- Options are non-assignable and non-transferable, except by will and by the laws of descent and distribution.



- Options granted to any Participant who is a director, officer, employee or consultant shall expire the earlier of: (a) that date which is 90 days (30 days, for persons engaged in investor relations activities) after the Participant ceases to be in at least one of such categories unless an earlier date is provided for in the Participant's option agreement; and (b) the expiry of the option period. The Company may extend the period specified in the aforementioned subparagraph (a) in respect of any Option for a specified period up to the expiry of the option period.
- Options granted to a Participant engaged in investor relations activities for the Company shall expire on the date which is 30 days after the Participant ceases to be engaged to provide investor relations activities unless an earlier date is provided for in the Participant's option agreement.
- In the event of the death of a Participant while in service to the Company or a subsidiary of the Company, each outstanding Option held by the Participant shall be exercisable until the earlier of (a) the expiration of one year following such death unless an earlier date is provided for in the Participant's option agreement; and (b) the expiry of the option period, but only by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or by the laws of descent and distribution.
- In the event of a permanent disability of a Participant while in service to the Company or a subsidiary of the Company, each outstanding Option held by the Participant shall be exercisable until the earlier of (a) the expiration of one year following dated on which the permanent disability is determined unless an earlier date is provided for in the option agreement; and (b) the expiry of the option period, but only by the Participant or its legal guardian, if applicable.
- The vesting for each Option shall be determined by the Board (or such committee that the Board may designate to administer the SOP) at the time that the Option is granted and shall be specified in the option agreement in respect of the Option.
- If the expiry date of any Option would otherwise occur during or within ten (10) business days following the end of a period in which the trading of the common shares is restricted by the policies of the Company (a "Blackout Period"), then the expiry date of such Option shall be extended to the date which is the tenth (10<sup>th</sup>) business day following the expiration of the Blackout Period.
- The Board may, in its discretion but subject to any necessary regulatory approvals, provide for the extension of the exercisability of an Option, accelerate the vesting or exercisability of any Option, eliminate or make less restrictive any restrictions contained in an option, waive any restriction or other provision of the SOP or an option or otherwise amend or modify an option in any manner that is either (a) not adverse to the Participant or (b) consented to by such Participant.
- Notwithstanding the other provisions of the SOP, and unless otherwise determined by the Board, in the event of: (i) any Change of Control Transaction (as such term is defined in the SOP); or (ii) an Unsolicited Offer (as such term is defined in the SOP), all

unexercised and unvested outstanding Options granted under the SOP shall vest and become immediately exercisable in respect of any and all common shares for which holders of Options have not exercised the Options (immediately prior to the effective time of such Change of Control Transaction or on the date the Unsolicited Offer is made, as applicable). In the event of a Change of Control Transaction, the Board will have the power to terminate any number of the Options not exercised following the successful completion of a Change of Control Transaction. In the event of an Unsolicited Offer, any Option remaining unexercised following the earlier of the withdrawal of such Unsolicited Offer and the expiry of such Unsolicited Offer in accordance with its terms shall once again become subject to its original terms as if the Unsolicited Offer had not been made.

- The SOP provides that any Option granted to a citizen or resident of the United States of America and who, at the time of grant, is an employee of the Company or any parent or subsidiary of the Company will be an “incentive stock option” within the meaning of the U.S. Internal Revenue Code, unless the Company expressly determines that the Option is to be a non-qualified option. The SOP includes various provisions that apply specifically to each such “incentive stock option”.
- In lieu of exercising an Option to receive common shares, the Board may (if the common shares are not listed on the TSXV) permit a Participant to elect to receive, without payment by the Participant of any additional consideration, common shares equal to the value of the Option (or the portion thereof being exercised) by surrendering the Option to the Company accompanied with a notice of such “cashless” exercise.
- The Board may in its absolute discretion amend the SOP without shareholder approval at any time, provided that no such amendment will adversely affect any outstanding Options granted thereunder without the Participant’s consent. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the SOP without shareholder approval:
  - (a) any amendment pertaining to the vesting provisions of each Option;
  - (b) any amendment to the terms of the SOP relating to the effect of termination, cessation of employment, disability or death of a Participant on the right to exercise Options;
  - (c) any amendment as may be necessary or desirable to bring the Plan into compliance with securities, corporate or tax laws and the rules and policies of any stock exchange upon which the common shares of the Company are from time to time listed;
  - (d) any amendment of a “housekeeping” nature including, but not limited to, amendments of a clerical, grammatical or typographical nature;
  - (e) any amendment with respect to the administration of the SOP;
  - (f) any amendment to correct any defect, supply any information or reconcile any inconsistency in the SOP in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the SOP;
  - (g) any amendment to the termination provisions of the SOP or any Option; and
  - (h) any other amendments, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules, regulations and policies of any stock exchange on which the Company’s shares are listed and of all securities commissions or similar securities regulatory authorities having jurisdiction over the Company.

Any amendment to the SOP is also subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company and, where required for such approvals, the approval of the shareholders of the Company.

*Options Granted During the Most Recent Fiscal Year*

There were 37,148 options awarded in 2017.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year ended December 31, 2017. Shareholders may also contact the Company at Suite 520, 170 Attwell Dr., Toronto, Ontario, M9W 5Z5, or by telephone at (905) 206-0013, to request copies of the Company's comparative financial statements and MD&A for its most recently completed financial year.

Management of the Company knows of no other matters to come before the Meeting other than as set forth above and in the Notice of Meeting accompanying this Information Circular.

DATED at Toronto, Ontario on April 24, 2018.

BY ORDER OF THE BOARD



René C. Goehrum  
Chairman and Chief Executive Officer

## SCHEDULE A

### TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

#### General

Primary responsibility for the Company's financial reporting obligations, information systems, financial information disclosure, risk management and internal controls is vested in management and overseen by the Board.

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

#### Composition and Process

1. The Audit Committee will be comprised of a minimum of three directors. All of the members of the Audit Committee will be independent, as that term is defined in Multilateral Instrument 52 – 110 *Audit Committees*, unless otherwise exempted by MI 52 - 110.
2. Audit Committee members will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms, which are encouraged to ensure continuity of experience.
3. All members of the Audit Committee will be financially literate, with financial literacy being the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
4. The Chair of the Audit Committee will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms. The Audit Committee Chair will arrange for an alternate chair if he or she is planning to be absent.
5. The Audit Committee Chair will, in consultation with management, the external auditor and internal auditor (if any), establish the agenda for Audit Committee meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for review prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The external auditor will be entitled to attend and speak at each meeting of the Audit Committee concerning the Company's annual audited financial statements, and any other meeting at which the Audit Committee feels it is necessary or appropriate. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.

6. The Audit Committee will meet a minimum of four times per year, at least once per quarter, and may call special meetings as required. A quorum at meetings of the Audit Committee will be a majority of its members if comprised of an odd number of members and one half of its members if comprised of an even number of members. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference call.
7. At all meetings of the Audit Committee every question will be decided by a majority of the votes cast. In case of an equality of votes, the Audit Committee Chair will not be entitled to a casting vote.
8. The minutes of Audit Committee meetings will accurately record the decisions reached and will be distributed to Audit Committee members with copies to the Board, the CEO, the CFO and the external auditor.
9. The CEO, CFO, any other director or any other person may attend and participate in meetings of the Audit Committee, if invited.

#### **Authority**

1. The Audit Committee will have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
2. The Audit Committee will have direct communication channels with the external auditor and internal auditor (if any).
3. The Audit Committee will have the authority to retain (or terminate) any outside counsel, advisors or consultants it determines necessary to assist it in discharging its functions, independently of the Board, Chair or CEO. The Audit Committee will be provided with the necessary funding to compensate any counsel, advisors or consultants it retains.
4. The Audit Committee will enquire about potential claims, assessments and other contingent liabilities.
5. The Audit Committee will periodically review with management depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
6. The Audit Committee will, through the Audit Committee Chair, report to the Board following each meeting on the major discussions and decisions made by the Audit Committee, and will report annually to the Board on the Audit Committee's responsibilities and how it has discharged them.

## **Relationship with External Auditor**

1. The Audit Committee will establish effective communication processes with management and the external auditor so it can objectively monitor the quality and effectiveness of the external auditor's relationship with the Audit Committee and management.
2. The Audit Committee will review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor and, if necessary, obtain a formal written statement from the external auditor setting forth all relationships between the external auditor and the Company.
3. The Audit Committee will take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
4. The Company's external auditor must report directly to the Audit Committee.
5. The Audit Committee must recommend to the Board:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (b) the compensation of the external auditor.
6. Unless otherwise permitted by MI 52-110, the Audit Committee must pre-approve all non-audit services to be provided by the external auditor, together with estimated fees, and consider the impact, if any, on the independence of the external auditor. The Audit Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any independent member of the Audit Committee to whom such authority has been granted must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. Non-audit services will include, without limitation, the following:
  - (a) Bookkeeping or other services related to the Company's accounting records or financial statements.
  - (b) Financial information systems design and implementation.
  - (c) Appraisal or valuation services, fairness opinions or contributions-in-kind reports.
  - (d) Actuarial services.
  - (e) Internal audit outsourcing services.
  - (f) Management functions.
  - (g) Human resources.

- (h) Broker or dealer, investment adviser or investment banking services.
  - (i) Legal services.
  - (j) Expert services unrelated to the audit, including tax planning and consulting.
7. The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
8. The Audit Committee will implement structures and procedures as it deems necessary to ensure that it meets with the external auditor on a regular basis independent of management.

### **Relationship with Internal Auditor**

1. The Audit Committee will review:
- (a) The internal auditor’s terms of reference.
  - (b) The plan and budget for preparation of the internal audit, including financial and operational activities.
  - (c) Material reports issued by the internal auditor and management’s response to those reports.
2. The Audit Committee will approve the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Audit Committee.
3. The Audit Committee will ensure the internal auditor’s involvement with financial reporting is coordinated with the activities of the external auditor.
4. If no internal audit function exists, the audit committee will regularly review the need for such a function.

### **Accounting Systems, Internal Controls and Procedures**

1. The Audit Committee will obtain reasonable assurance from discussions with and/or reports from management and reports from the external auditor that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company, its subsidiaries and affiliates. The Audit Committee will review and consider any recommendations made by the external auditor, together with management’s response, and the extent to which recommendations made by the external auditor have been implemented.

2. The Audit Committee will ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
3. The Audit Committee will review and discuss with management and the external auditor the clarity and completeness of the Company's financial and non-financial disclosures made pursuant to applicable continuous disclosure requirements.
4. The Audit Committee will review and discuss with management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
5. The Audit Committee will review and discuss with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
6. The Audit Committee will review with the external auditor the quality of the Company's generally accepted accounting principles and direct the external auditor's examinations to particular areas.
7. The Audit Committee will discuss with management and the external auditor the Company's underlying accounting policies and key estimates and judgments to ensure they are considered to be the most appropriate in the circumstances, within the range of acceptable options and alternatives.
8. The Audit Committee will review the procedures of the internal and external auditors to ensure the combined evaluating and testing of the Company's controls are comprehensive, well co-ordinated, cost effective and appropriate to relevant risks and business activities.
9. The Audit Committee will review all control weaknesses and deviations identified by management, the internal auditor or the external auditor together with management's response, and review with the external auditor their opinion of the qualifications and performance of the key financial and accounting executives.
10. The Audit Committee will review and discuss with management and the external auditor any proposed changes in major accounting policies and the financial impact thereof, and will from time to time benchmark the Company's accounting policies to those followed in its industry.
11. The Audit Committee will review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, which will include without limitation a review of:
  - (a) The appetite for financial risk as set forth by management and the Board.
  - (b) The Company's policies for the management of significant financial risk.



- (c) Management’s assessment of the significant financial risks facing the Company.
  - (d) Management’s plans, processes and programs to manage and control financial risk.
12. The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  13. The Audit Committee will review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
  14. The Audit Committee will review the Company’s insurance policies, including directors’ and officers’ coverage, and make recommendations to the Board.
  15. The Audit Committee will establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under Multilateral Instrument 52 – 108 *Auditor Oversight*.

### **Financial Disclosure Responsibilities**

The Audit Committee will review and make recommendations on, prior to presentation to the Board for approval and the Company’s dissemination to the public, all material financial information required to be disclosed by securities regulations. In fulfilling this responsibility, the Audit Committee will, without limitation, review:

1. The Company’s annual and quarterly financial statements (including those of any subsidiaries and affiliates of the Company), management discussion and analysis and news releases, disclosing financial results and any prospectus, annual information form, offering memorandum or other disclosure documents containing financial information extracted or derived from its financial statements.
2. The Company’s financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Disclosures made to the Audit Committee by the Company’s CEO and CFO during their certification process of the Company’s financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls.

### **Other Responsibilities**

1. Review with the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements.
2. Investigate fraud, illegal acts or conflicts of interest.
3. Discuss selected issues with legal counsel, the external auditor or management, or conduct special reviews or other assignments from time to time as requested by the Board, or by management with the Board's approval.
4. Review loans made by the Company to its directors, officers, employees and consultants.
5. The Audit Committee will review and assess its effectiveness, contribution and these Terms of Reference annually and recommend any proposed changes thereto to the Board.

### **Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters**

The Audit Committee will inform all employees, at least annually, of the Complaints Officer designated from time to time by the Audit Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.

The Complaints Officer will keep any complaints or submissions received and the identity of employees making complaints or submissions confidential and only communicate same to the Audit Committee or the Chair of the Audit Committee.

The Complaints Officer will report to the Audit Committee as frequently as he or she deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Audit Committee called to approve interim and annual financial statements of the Company.

Upon receipt of a report from the Complaints Officer, the Audit Committee will discuss the report and take such steps as the Audit Committee may deem appropriate.

The Complaints Officer will retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

## SCHEDULE B

### INCENTIVE STOCK OPTION PLAN

(as adopted by the Board of Directors on March 11th ,2014)

1. **Objectives**

This incentive stock option plan (the “**Plan**”) is intended as an incentive to attract and retain qualified Employees, Directors, Executive Officers and Consultants of BioSyent Inc. (the “**Company**”) and its subsidiaries to promote a proprietary interest in the Company and its subsidiaries among such persons, and to stimulate the active interest of such persons in the development, financial success and long-term objectives of the Company and its subsidiaries.

2. **Definitions**

2.1 As used in the Plan, the terms set forth below shall have the following respective meanings:

- (a) “**Blackout Period**” has the meaning set out in section 8.6;
- (b) “**Board**” means the board of directors of the Company;
- (c) “**Business Day**” means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (d) “**Cause**” means, as determined by the Board and unless otherwise provided in an applicable agreement between an Optionee and the Company or an affiliate or subsidiary of the Company: (i) gross negligence or willful misconduct by an Optionee in connection with the performance of his duties; (ii) commission by an Optionee of a criminal offence (other than minor traffic offences); or (iii) material breach by an Optionee of any term of any employment, consulting, confidentiality, intellectual property or non-competition agreement between the Optionee and the Company or an affiliate or subsidiary of the Company;
- (e) “**Change of Control Transaction**” means the occurrence of any of:
  - (i) the purchase or acquisition of outstanding Shares and/or securities convertible into Shares or carrying the right to acquire Shares (“**Convertible Securities**”) as a result of which a person, group of persons or persons acting jointly or in concert with any such person or group of persons beneficially own or exercise control or direction over Shares and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by such persons thereof, would have the right to cast more than 50% of the votes attached to all Shares, provided that the occurrence of the foregoing as a result of an issuance from treasury of Shares or Convertible Securities shall not be a Change of Control Transaction;
  - (ii) or approval by the shareholders of the Company of: (A) an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation or other entity as a result of which the shareholders of the Company prior to the completion of such transaction or event hold less than 50% of the outstanding equity securities of the successor or continuing corporation or other entity immediately after the completion of the transaction or event; or (B) a liquidation, dissolution or winding-up of the Company; or

- (iii) the sale, lease or other disposition of all or substantially all of the assets of the Company,

provided that (i) a Change of Control Transaction shall not be deemed to occur in the case of an internal reorganization that does not result in a change in management of the Company; or (ii) in the event there is any question as to whether a Change of Control Transaction has occurred in any circumstances, the Board shall determine the matter and any such determination of the Board shall be final and conclusive for the purposes of this Plan;

- (f) “**Code**” shall mean the United States Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder;
- (g) “**Committee**” means the Board or such committee of the Board that the Board may, in accordance with section 3.1 hereof, designate to administer the Plan;
- (h) “**Company**” means BioSyent Inc., a corporation existing under the *Canada Business Corporations Act*;
- (i) “**Consultant**” means a person, other than an Employee, Executive Officer or Director of the Company or of a subsidiary of the Company, that:
  - (i) is engaged to provide services to the Company or a subsidiary of the Company, other than services provided in relation to a distribution of securities;
  - (ii) provides the services under a written contract with the Company or a subsidiary of the Company;
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or a subsidiary of the Company; and
  - (iv) has a relationship with the Company or a subsidiary of the Company that enables the person to be knowledgeable about the business and affairs of the Company or a subsidiary of the Company;and includes
  - (v) for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, and a partnership of which the individual Consultant is an employee or partner; and
  - (vi) for a consultant that is not an individual, an employee, Executive Officer or Director of the Consultant, provided that the individual employee, Executive Officer or Director spends or will spend a significant amount of time and attention on the affairs and business of the Company or a subsidiary of the Company;
- (j) “**Date of Grant**” means the date upon which an Option is granted by the Committee to the Optionee, subject to any regulatory or other approvals or conditions;
- (k) “**Director**” means a member of the board of directors of the Company or of a subsidiary of the Company or an individual who performs similar functions for the Company or a subsidiary of the Company;
- (l) “**Disability**” means a medically determinable physical or mental impairment expected

to result in death or to last for a continuous period of not less than twelve months which causes an individual to be unable to engage in any substantial gainful activity;

- (m) **“Disinterested Shareholder Approval”** means the approval by a majority of the votes cast by all shareholders of the Company at a shareholders’ meeting excluding votes attaching to Shares beneficially owned by Insiders to whom Options may be granted under the Plan and their associates;
- (n) **“Employee”** means:
  - (i) an individual who is considered an employee of the Company or a subsidiary thereof under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or a subsidiary thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (o) **“Exchange”** means the TSX-V or TSX, as the case may be, depending on which stock exchange the Shares are principally traded at all applicable times;
- (p) **“Executive Officer”** means an individual who is (a) a chair, vice-chair, president, chief executive officer, chief financial officer or secretary of the Company or of a subsidiary of the Company or an individual performing a similar function thereto, (b) a vice-president in charge of a principal business unit, division or function of the Company or of a subsidiary of the Company, including sales, finance or production, or (c) performing a policy-making function in respect of the Company or a subsidiary of the Company;
- (q) **“Incentive Stock Option”** shall mean an option granted under this Plan that is intended to qualify as an “incentive stock option” in accordance with the terms of section 422 of the Code or any successor provision;
- (r) **“Insider”** in relation to the Company means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company;
  - (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares; or
  - (iv) the Company itself if it holds any of its own securities,

and includes, insofar as the rules and policies of the TSX apply to the Company, associates and affiliates of the foregoing persons;

- (s) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, except for such activities that the TSX-V specifically states to not be Investor Relations Activities;
- (t) “**Market Price**” in relation to a Share subject to an Option on the Date of Grant of the Option means the last closing price of the Shares on the Exchange before such Date of Grant;
- (u) “**Non-Qualified Stock Option**” means an option granted under this Plan that is not an Incentive Stock Option;
- (v) “**Offer**” means an offer made generally to the holders of Shares (or any other class of common shares of the Company) in one or more jurisdictions to acquire, directly or indirectly, the Shares and which is in the nature of a “takeover bid” as defined in the *Securities Act* (Ontario) and, where any of the Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the *Securities Act* (Ontario);
- (w) “**Option**” means an Incentive Stock Option or a Non-Qualified Stock Option, including the Pre-Plan Options;
- (x) “**Option Agreement**” means a written agreement between, and executed by, the Company and an Optionee that sets out the terms of an Option held by the Optionee as described in section 9;
- (y) “**Option Certificate**” means a certificate executed by the Company and delivered to an Optionee that sets out the terms of an Option held by the Optionee as described in section 9;
- (z) “**Option Period**” means the period during which an Option may be exercised;
- (aa) “**Optionee**” means a person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (bb) “**Plan**” means this incentive stock option plan of the Company, as may be amended from time to time;
- (cc) “**Pre-Plan Options**” has the meaning set forth in section 4.2;
- (dd) “**Shares**” means common shares in the capital of the Company;
- (ee) “**Significant Shareholder**” means a person holding securities of a company that carry more than 10% of the voting rights attached to that company’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of that company;
- (ff) “**TSX**” means the Toronto Stock Exchange or any successor stock exchange thereof;
- (gg) “**TSX-V**” means the TSX Venture Exchange or any successor stock exchange thereof;
- (hh) “**Unsolicited Offer**” means an Offer in respect of which neither the Board nor management of the Company solicited, sought out, or otherwise arranged for the offeror party to make such Offer;
- (ii) “**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as amended;
- (jj) “**U.S. Optionee**” has the meaning set forth in section 6.3; and
- (kk) “**U.S. Securities Act**” shall mean the *United States Securities Act of 1933*, as amended.

3. **Administration of the Plan**

3.1 The Plan shall be administered by the Committee. With respect to Option grants to Directors of the Company, the Board shall serve as the Committee. With respect to any other Options the Board may specifically constitute a committee of two or more directors of the Company as the Board may designate from time to time to serve as the Committee for the Plan, all of the members of which shall be and remain Directors of the Company. Notwithstanding the foregoing, the Board may resolve to be the Committee to administer the Plan with respect to all of the Plan or certain participants and/or awards made or to be made under the Plan.

3.2 The Committee shall have full and exclusive power to interpret the Plan, to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan, and to reserve and issue Shares issuable pursuant to the exercise of Options. The Committee may, in its discretion but subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company, provide for the extension of the exercisability of an Option, accelerate the vesting or exercisability of any Option, eliminate or make less restrictive any restrictions contained in an Option, waive any restriction or other provision of the Plan or an Option or otherwise amend or modify an Option in any manner that is either (a) not adverse to the Optionee holding such Option or (b) consented to by such Optionee. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by such member, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under the Plan, except for such member's own willful misconduct or as expressly provided by statute.

3.3 All administrative costs of the Plan shall be paid by the Company.

4. **Eligibility**

4.1 Options may be granted to Employees, Directors, Executive Officers, and Consultants of the Company or of a subsidiary of the Company (and such other persons permitted by the Exchange to be granted Options) who are in the opinion of the Committee in a position to contribute to the success of the Company or any subsidiary of the Company or who, by virtue of their service to the Company or to any subsidiary of the Company (or to any predecessors of the Company or a subsidiary of the Company) are, in the opinion of the Committee, worthy of special recognition. The granting of Options is entirely discretionary and nothing in this Plan shall be deemed to give any person any right to participate in this Plan or to be granted an Option and designation of an Optionee in any year shall not require the designation of such person to receive an Option in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amount and terms of their respective Options.

4.2 On the effective date of the Plan, the Plan shall entirely replace and supersede prior stock option plans enacted by the Company. Any incentive stock options previously granted by the Company (the "Pre-Plan Options") which remain outstanding as at March 11, 2014

will be deemed to have been issued under and will be governed by the terms of the Plan and, in the event of any inconsistency between the terms of the agreements governing the Pre-Plan Options and the terms of the Plan, the terms of such agreements shall govern. Any Shares issuable upon exercise of the Pre-Plan Options will be included for the purpose of calculating the amounts set out in sections 5 and 6 hereof.

- 4.3 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Company, any predecessor corporation of the Company or any subsidiary of the Company, whether such outstanding options are granted under the Plan, under any other stock option plan of the Company, any such predecessor corporation or any such subsidiary, or under any stock option agreement with the Company, any such predecessor corporation or any such subsidiary.
- 4.4 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in substitution for outstanding options of another company in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of property or shares, or other reorganization between or involving such other company and the Company or any of its subsidiaries.

5. **Number of Shares Reserved under the Plan**

- 5.1 The maximum aggregate number of Shares issuable pursuant to the exercise of outstanding Options granted under or subject to the Plan, including Shares issuable upon exercise of the Pre-Plan Options, shall be 10% of the issued and outstanding Shares from time to time.

6. **Number of Optioned Shares per Optionee**

- 6.1 The determination regarding the number of Shares that may be the subject of Options granted to each Optionee pursuant to an Option will be made by the Committee and will take into consideration the Optionee's present and potential contribution to the success of the Company and applicable legal and regulatory requirements and, if and for so long as the Shares are listed on the TSX-V, shall be subject to the following limitations:
- (a) subject to sections 6.1(b) and 6.1(c), the aggregate number of Shares that may be reserved for issuance pursuant to the Plan, or as incentive stock options, to any one Optionee in a 12-month period must not exceed 5% of the issued and outstanding Shares (determined at the Date of Grant);
  - (b) the number of Shares subject to Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Shares (determined at the Date of Grant);
  - (c) the aggregate number of Shares subject to Options granted to all Optionees who are employed to provide Investor Relations Activities must not exceed 2% of the issued and outstanding Shares in any 12-month period (determined at the Date of Grant);
  - (d) the number of Options granted to Insiders within a 12-month period to acquire Shares reserved for issuance under the Plan must not exceed 10% of the issued and outstanding Shares, unless the Company has received Disinterested Shareholder Approval to exceed this amount; and
  - (e) subject to any longer vesting period as may be set out in the related Option Agreement or Option Certificate, an Option granted to a Consultant performing Investor Relations Activities shall vest in stages over 12 months with no more than 25% of the Shares subject to the Option vesting in any three-month period.



If and for so long as the Shares are listed on the TSX,

- (i) the number of Options that are granted to Insiders of the Company within any one year period to acquire Shares reserved for issuance under the Plan; and
- (ii) the number of Shares reserved for issuance to Insiders under the Plan, when combined with all of the Company's other security based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding Shares.

6.2 Unless otherwise waived by the Board, during any time when the Company has a class of equity securities registered under Section 12 of the U.S. Exchange Act, it is the intent of the Company that Options pursuant to the Plan and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 701 under the U.S. Securities Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 701, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 701 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

6.3 Notwithstanding anything in this Plan to the contrary, any Option granted under this Plan to an Optionee who is a citizen or resident of the United States of America, including its territories, possessions, and all areas subject to jurisdiction (a "U.S. Optionee") shall have a purchase price of the Shares subject to the Option not less than the fair market value of such Shares at the time the Option is granted (whether the Option is an Incentive Stock Option or a Non-Qualified Stock Option), unless the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company. Any Option granted to a U.S. Optionee who, at the time of grant, is an employee of the Company or any "parent" or "subsidiary" of the Company (as defined in section 424 of the Code) shall be an Incentive Stock Option within the meaning of the Code, unless the Company expressly determines that the Option is to be a Non-Qualified Stock Option.

Notwithstanding anything in this Plan to the contrary, the following provisions shall apply to each Incentive Stock Option:

- (i) the Option shall be an Incentive Stock Option to the extent that the aggregate fair market value (determined as of the time the Option is granted) of the Shares with respect to which Options are exercisable for the first time by such U.S. Optionee during any calendar year under this Plan and all other incentive stock option plans, within the meaning of section 422 of the Code, of the Company and any "parent" or "subsidiary" of the Company (as defined in section 424 of the Code) does not exceed One Hundred Thousand Dollars in U.S. funds (US\$100,000);
- (ii) to the extent that the aggregate fair market value (determined as of the time the Option is granted) of the Shares with respect to which

Incentive Stock Options (determined without reference to this subsection) are exercisable for the first time by a U.S. Optionee during any calendar year under this Plan and all other incentive stock option plans, within the meaning of section 422 of the Code, of the Company and any "parent" or "subsidiary" of the Company (as defined in section 424 of the Code) exceeds One Hundred Thousand Dollars in U.S. funds (US\$100,000), such Options will be treated as Non-Qualified Stock Options in accordance with section 422(d) of the Code;

- (iii) Incentive Stock Options shall only be available to employees as defined above (and not available to non-employee service providers);
- (iv) no Incentive Stock Option may be granted following the expiry of 10 years after the date on which this Plan is adopted by the board of directors of the Company and no Incentive Stock Option may be exercisable following the expiry of 10 years after the date of grant (notwithstanding Section 8.6 to the contrary);
- (v) if any U.S. Optionee to whom an Incentive Stock Option is to be granted under this Plan is at the time of the grant of such Incentive Stock Option the owner of shares possessing more than 10% of the total combined voting power of all classes of the shares of the Company or any "parent" or "subsidiary" of the Company (as defined in section 424 of the Code), then the following special provisions shall be applicable to the Option granted to that U.S. Optionee:
  - A. the purchase price of the Shares subject to such Incentive Stock Option shall not be less than 110% of the fair market value of one Share at the time of the grant; and
  - B. the term of such Option shall in no event exceed five (5) years from the date of the grant;
- (vi) the total number of Shares which may be issued under the Plan as Incentive Stock Options shall not exceed 20,000,000, subject to adjustment as provided in section 11 and subject to the maximum number of Shares reserved under the Plan as set out in section 5;
- (vii) no Incentive Stock Option granted under this Plan shall become exercisable until this Plan is approved by the shareholders of the Company;
- (viii) any Incentive Stock Option may be exercised during the U.S. Optionee's lifetime only by the U.S. Optionee;
- (ix) the determination of the option exercise price and the number of shares subject to the Option after any adjustment provided for in section 11 shall be made in accordance with the rules set forth in section 424 of the Code and regulations promulgated thereunder; and
- (x) each of the foregoing provisions of this section 6.3 is intended to qualify any incentive stock option as an Incentive Stock Option to

the greatest extent possible, and such provisions shall be interpreted consistently with such intent. No provision of this Plan, as it may be applied to an Incentive Stock Option, shall be construed so as to be inconsistent with any provision of section 422 of the Code.

6.4 Unless otherwise approved by the Board, the aggregate value of Shares issued to all Optionees within any consecutive 12 month period pursuant to the exercise of Options granted under this Plan and any of the Company's other security based compensation arrangements shall not exceed the greatest of:

- (a) USD\$1,000,000;
- (b) 15% of the total assets of the Corporation, measured at its most recent annual balance sheet date; or
- (c) 15% of the outstanding Common Shares, measured at the Corporation's most recent annual balance sheet date.

For purposes of this Section 6.4, the method of calculating the aggregate value of Common Shares issued pursuant to the exercise of Options shall be made in compliance with Rule 701 of the U.S. Securities Act.

## **7. Price**

7.1 The exercise price per Share subject to an Option shall be determined by the Committee at the time the Option is granted, provided that the exercise price shall not be less than the Market Price less the maximum discount permitted under the regulations of the Exchange, or such other minimum exercise price as may be required by the Exchange.

7.2 Subject to applicable regulatory requirements and approval, the Committee may, without shareholder approval, reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by an Optionee who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as may be required by the Exchange.

## **8. Term and Exercise of Options**

8.1 The Option Period shall be determined by the Committee at the time the Option is granted and may be up to ten years from the Date of Grant, except as the same may be reduced pursuant to the provisions of section 10. Subject to the applicable maximum Option Period provided for in this section 8.1 and subject to applicable regulatory requirements and approvals, the Committee may extend the Option Period for an Option.

8.2 The vesting schedule for each Option shall be determined by the Committee at the time the Option is granted and shall be specified in the Option Agreement or Option Certificate in respect of the Option, subject to applicable regulatory requirements.

8.3 Notwithstanding the foregoing provision of this section 8:

- (a) unless otherwise determined by the Board, in the event of: (i) any Change of Control Transaction, or (ii) an Unsolicited Offer, all unvested outstanding Options granted under this Plan shall vest and become immediately exercisable immediately prior to the effective time of such Change of Control Transaction or

on the date the Unsolicited Offer is made, as applicable, notwithstanding that an agreement relating to the grant of Options states that those Options are exercisable only during a later period or year;

- (b) in addition to the foregoing, if the Board approves any Change of Control Transaction, the Board may, in its sole discretion, deliver prior notice of such Change of Control Transaction in writing to the Optionees and may provide such Optionees with a seven (7) day period from the giving of such notice (or such longer period as may be determined by the Board and as may be specified in such notice) to purchase all or a portion of the number of Shares to which such Optionees are entitled pursuant to the unexercised Options. Any number of the Options not exercised at the expiry of such period shall, if so specified in such notice, terminate and expire notwithstanding any other provisions contained herein, unless such Change of Control Transaction is not completed; and
- (c) in the event of an Unsolicited Offer, the Optionee may exercise its Options (including those previously unvested Options that have vested pursuant to section 8.3(a)) so as to permit the Optionee to tender the Shares issuable upon exercise of such Options pursuant to the Unsolicited Offer, provided that: (i) if the Unsolicited Offer is not completed within the time specified therein; or (ii) all of the Shares tendered by the Optionee pursuant to the Unsolicited Offer are not taken up or paid for by the offeror in respect thereof, then the Shares received upon such exercise or, in the case of clause (i) and (ii) above, the Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such Shares, the Options (other than Options issued to U.S. Optionees) shall be reinstated as if they had not been exercised and the original terms of the Options (including as to vesting) will apply. If any Shares are returned to the Company under this subsection 8.3(c), the Company shall immediately refund the exercise price to the Optionee (other than a U.S. Optionee). Any Option remaining unexercised following the earlier of the withdrawal of an Unsolicited Offer and the expiry of such Unsolicited Offer in accordance with its terms again becomes subject to the original terms of the agreement relating to the grant of Options as if the Unsolicited Offer had not been made.

- 8.4 The vested portion of Options will be exercisable, either all or in part, at any time after vesting. If less than all of the Shares included in the vested portion of any Option are purchased, the remainder may be purchased, subject to the Option's terms, at any subsequent time prior to the expiration of the Option Period.
- 8.5 The exercise of any Option will be contingent upon receipt by the Company of payment for the full exercise price of the Shares being purchased in cash by way of certified cheque or bank draft. No Optionee or the legal representatives, legatees or distributees of the Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates for such Shares are issued to the Optionee or such other persons under the terms of the Plan.

- 8.6 If the expiry date of any Option would otherwise occur during or within 10 Business Days following the end of a period in which the trading of the Shares is restricted by the policies of the Company (a "Blackout Period"), then the expiry date of such Option shall be extended to the date which is the 10th Business Day following the expiration of the Blackout Period.
- 8.7 In lieu of exercising an Option in accordance with section 8.5, the Committee may permit an Optionee to elect to receive, without payment by the Optionee of any additional consideration, Shares equal to the value of the Option (or the portion thereof being exercised) by surrender of the Option at the head office of the Company, together with written notice, addressed to the secretary of the Company, reflecting such "cashless" exercise, in which event the Company shall issue to the Optionee a number of whole Shares computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

- Where:
- X = The number of whole Shares to be issued to the Optionee pursuant to the cashless exercise;
  - Y = The number of Shares in respect of which the cashless exercise election is made;
  - A = The market price of one Share on the date of cashless exercise of the Option; and
  - B = The exercise price of the Option.

For the purposes of this section 8.7, the market price of one Share as of a particular cashless exercise date is the volume weighted average trading price of one Share on the Exchange, or another stock exchange where the majority of the trading volume and value of the Shares occurs, for the five trading days immediately preceding such date. For so long as the Shares are listed on the TSX-V, this section 8.7 shall not be operative unless permitted by the TSX-V.

## 9. **Option Agreement or Option Certificate**

Upon the grant of an Option to an Optionee, the Company and the Optionee shall enter into an Option Agreement setting out the number of Shares subject to the Option, the exercise price per Share, the Option Period, and the vesting schedule for the Option (if any), and incorporating the terms and conditions of the Plan, any other requirements of applicable regulatory authorities, and such other terms and conditions as the Committee may determine are necessary or appropriate, subject to the terms of the Plan. Alternatively, upon the grant of an Option to an Optionee, the Company shall issue and deliver to the Optionee an Option Certificate (in lieu of an Option Agreement) which shall include the number of Shares subject to the Option, the exercise price per Share, the Option Period, and the vesting schedule for the Option (if any) and shall have attached thereto a copy of the Plan. Without limiting the generality of the foregoing and if and for so long as the Company is listed on the TSX-V, for Options granted to Employees or Consultants, the Company and the Optionee are required to represent in an Option Agreement or Option Certificate, as the case may be, that the Optionee is a bona fide Employee or Consultant, as the case may be.

10. **Effect of Termination of Employment, Retirement, Death or Disability**

10.1 Options granted to any Optionee who is an Employee, Director, Executive Officer or Consultant of the Company or a subsidiary of the Company who is terminated for Cause shall immediately terminate and shall cease to be exercisable upon such termination for Cause.

10.2 Options granted to any Optionee who is an Employee, Director, Executive Officer or Consultant of the Company or a subsidiary of the Company shall expire on the earlier of:

(a) that date which is 90 days after the Optionee ceases to be in at least one of such categories unless an earlier date is provided for in the Option Agreement or Option Certificate with respect to the Optionee's Option, and

(b) the expiry of the Option Period. The Committee may, in its sole discretion, extend such 90-day period in respect of any Option for a specified period up to the expiry of the Option Period.

10.3 Options granted to an Optionee who is engaged in Investor Relations Activities for the Company shall expire on the earlier of: (a) that date which is 30 days after the Optionee ceases to be engaged to provide Investor Relations Activities unless an earlier date is provided for in the Option Agreement or Option Certificate with the Optionee; and (b) the expiry of the Option Period. The Committee may, in its sole discretion, extend such 30-day period in respect of any Option for a specified period up to the expiry of the Option Period, subject to applicable regulatory requirements.

10.4 Notwithstanding sections 10.2 and 10.3, in the event of the death of an Optionee while in service to the Company or a subsidiary of the Company, each outstanding Option held by the Optionee (to the extent then vested and not exercised) shall be exercisable until the earlier of (a) the expiration of one year following such death unless an earlier date is provided for in the Option Agreement or Option Certificate with respect to the Optionee's Option; and (b) the expiry of the Option Period of the Option, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or by the laws of descent and distribution.

10.5 Notwithstanding sections 10.2 and 10.3, in the event of the Disability of an Optionee while in service to the Company or a subsidiary of the Company, each outstanding Option held by the Optionee (to the extent then vested and not exercised) shall be exercisable until the earlier of (a) the expiration of one year following dated on which the Disability is determined unless an earlier date is provided for in the Option Agreement or Option Certificate with respect to the Optionee's Option; and (b) the expiry of the Option Period of the Option, but only by the Optionee or its legal guardian, if applicable.

10.6 Notwithstanding the foregoing provisions of this section 10 and subject to any applicable regulatory approvals, the Committee may, in its discretion, provide for the extension of the exercisability of an Option for any period that is not beyond the applicable expiry date of the Option, accelerate the vesting or exercisability of an Option, eliminate or make less restrictive any restrictions governing an Option, waive any restriction or other provision of this Plan or an Option or otherwise amend or modify the Option in any manner that is either

(a) not adverse to such Optionee or (b) consented to by such Optionee.

11. **Adjustment in Shares Subject to the Plan**

11.1 The exercise price for and the number of Shares covered by an Option will be adjusted, with respect to the then-unexercised portion of the Option, by the Committee from time to time (on the basis of such advice as the Committee considers appropriate, including, if considered appropriate by the Committee, a certificate of the auditor of the Company) in the event and in accordance with the provisions and rules set out in this section 11. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Committee, and any such determination will be binding on the Company, the Optionee and all other affected parties.

- (a) If a dividend is declared upon the Shares, payable in Shares (other than in lieu of dividends paid in the ordinary course), the number of Shares then subject to any Option shall be adjusted by adding to each such Share the number of Shares which would be distributable thereon if such Share had been outstanding on the date fixed for determining shareholders entitled to receive such stock dividend.
- (b) If the outstanding Shares are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then there shall be substituted for each Share subject to any Option the number and kind of shares or other securities of the Company or another corporation into which each outstanding Share shall be so changed or for which each such Share shall be exchanged.
- (c) If there is any change, other than as specified above in this section 11, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, then, if the Committee, in its sole discretion, determines that such change equitably requires an adjustment to be made in the number or kind of Shares then subject to any Option, an equitable adjustment shall be made in the number or kind of Shares, such adjustment shall be made by the Committee and be effective and binding for all purposes.
- (d) If the Company distributes by way of a dividend, or otherwise, to all or substantially all holders of Shares, property, evidences of indebtedness or shares or other securities of the Company (other than Shares) or rights, options or warrants to acquire Shares or securities convertible into or exchangeable for Shares or other securities or property of the Company, other than as a dividend in the ordinary course, then, if the Committee, in its sole discretion, determines that such action equitably requires an adjustment in the exercise price of the Option or number of Shares subject to any Option, or both, such adjustment shall be made by the Committee and shall be effective and binding for all purposes.

11.2 In the case of any such substitution or adjustment as provided for in this section 11, the exercise price in respect of each Option for each Share covered thereby prior to such substitution or adjustment will be proportionately and appropriately varied, such variation shall generally require that the number of Shares or securities covered by the Option after the relevant event multiplied by the varied option exercise price be equal to the number of Shares covered by the Option prior to the relevant event multiplied by the original exercise price of the Option.

- 11.3 No adjustment or substitution provided for in this section 11 shall require the Company to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 11.4 The grant of an Option shall not affect in any way the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

12. **Non-Assignability**

All Options, benefits and rights accruing to any Optionee in accordance with the terms and conditions of the Plan are non-assignable and non-transferable, except as specifically provided in section 10.4 in the event of the death of the Optionee. During the lifetime of the Optionee, all such Options, benefits and rights may only be exercised by the Optionee.

13. **Employment**

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with, or the provision of services to, the Company or any subsidiary of the Company, or interfere in any way with the right of the Company or any subsidiary of the Company to terminate the Optionee's employment or services, with or without Cause, at any time. Participation in the Plan by an Optionee is voluntary.

14. **Record Keeping**

The Company shall maintain a register in which shall be recorded or maintained:

- (a) the name and address of each Optionee;
- (b) the number of Shares subject to Options granted to each Optionee, the number of Shares issued to each Optionee upon the exercise of Options and the number of Shares subject to Options remaining outstanding;
- (c) a copy of each outstanding Option Agreement or Option Certificate; and
- (d) such other information as the Committee may determine.

15. **Regulatory Approvals**

- 15.1 This Plan, the grant and exercise of Options hereunder and the Company's obligation to issue and deliver any Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchange or other market on which the any class of Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to issue or deliver Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals. Each Optionee shall agree to comply with such laws, regulations and rules and to provide the Company with any information or undertaking required to comply with such laws, regulations and rules. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price for an Option paid to the Company shall be returned to the Optionee.
- 15.2 No Option shall be granted and no Shares shall be issued or delivered hereunder where such grant, issue or delivery would require registration or other qualification of this Plan



or of any class of Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any issue and delivery of Shares hereunder in violation of this provision shall be void.

- 15.3 Shares issued and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchange or other market on which the any class of Shares are listed or quoted for trading, and any certificates representing such Shares shall bear, as required, a restrictive legend in respect thereof.

16. **Hold Periods, Securities Regulation and Tax Withholding**

- 16.1 If and for so long as the Shares are listed on the TSX-V and in addition to any resale restrictions under applicable securities laws, for Options (a) having an exercise price per Share that is less than the Market Price or (b) granted to an Optionee who is a Director, Executive Officer or Significant Shareholder of the Company, any Shares issued on the exercise of such Options will be subject to a four-month hold period commencing on the particular Date of Grant of the Option, and certificates for the Shares will bear a restrictive legend setting out any such applicable hold period.
- 16.2 Where necessary to effect an exemption from registration of the Shares under securities laws applicable to the securities of the Company, an Optionee shall be required, upon the acquisition of any Shares upon the exercise of Options, to acquire such Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Committee an undertaking to that effect in a form acceptable to the Committee. The Committee may cause a legend or legends to be placed upon any certificates for the Shares to make appropriate reference to applicable resale restrictions. The Committee may take such other action or require such other action or agreement by such Optionee as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Company to undertake the registration or qualification of any Options or the underlying Shares under any securities laws applicable to the securities of the Company.
- 16.3 The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of optioned Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:
- (a) deduct and withhold additional amounts from other amounts payable to an Optionee;
  - (b) require, as a condition of the issuance of optioned Shares to an Optionee, that the Optionee make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the Optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of optioned Shares until the Optionee makes such payment; or

- (c) sell, on behalf of the Optionee, all or any portion of optioned Shares otherwise deliverable to the Optionee until the net proceeds of sale equal or exceed the amount which, in the Company’s opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Optionee.

16.4 Issuance, transfer or delivery of certificates for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Committee, until the Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

**17. Amendment and Termination of Plan**

The Board reserves the right to amend or terminate the Plan at any time without shareholder approval if and when it is advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding Options granted under the Plan without the consent of the Optionee. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Plan without shareholder approval:

- (a) any amendment pertaining to the vesting provisions of each Option;
- (b) any amendment to the terms of the Plan relating to the effect of termination, cessation of employment, disability or death of an Optionee on the right to exercise Options;
- (c) any amendment as may be necessary or desirable to bring the Plan into compliance with securities, corporate or tax laws and the rules and policies of any stock exchange upon which the Shares are from time to time listed;
- (d) any amendment of a “housekeeping” nature including, but not limited to, amendments of a clerical, grammatical or typographical nature;
- (e) any amendment with respect to the administration of the Plan;
- (f) any amendment to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (g) any amendment to the termination provisions of the Plan or any Option; and
- (h) any other amendments, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules, regulations and policies of any stock exchange on which the Company’s shares are listed and of all securities commissions or similar securities regulatory authorities having jurisdiction over the Company.

Any amendment to the Plan shall also be subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company and, where applicable, the approval of the shareholders of the Company (except where an amendment is made pursuant to section 15.1 or the foregoing sections 17(a) to (i)).

**18. No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

19. **Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

20. **General Provisions**

- 20.1 Nothing contained in the Plan shall prevent the Company or any subsidiary of the Company from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the issuance of securities of the Company (subject to shareholder approval if such approval is required by applicable securities regulatory authorities) and such arrangements may be either generally applicable or applicable only in specific cases.
- 20.2 The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Option Agreement or Option Certificate, and all determinations made and actions taken pursuant hereto shall be governed by and determined in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 20.3 If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, person or Option and the remainder of the Plan and any such Option shall remain in full force and effect.
- 20.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any subsidiary of the Company and an Optionee or any other person.
- 20.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

21. **Effective Date of the Plan**

The Plan shall be effective as of March 11, 2014, subject to its approval by the shareholders of the Company and all necessary regulatory approvals pursuant to section 15 hereof.

**SCHEDULE "C"**

**SPECIAL RESOLUTION RE: NUMBER OF DIRECTORS**

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. the articles of the Company be amended to add the following paragraph:

“The board of directors of the Corporation may determine the number of directors by ordinary resolution, provided that the directors may not, between meetings of the shareholders, increase the number of directors on the board to a total number greater than one and one-third times the number of directors required to have been elected at the previous annual meeting of shareholders.”; and

2. any one director or any one officer of the Corporation is hereby authorized and directed to execute on behalf of the Corporation, and to deliver and to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he or she shall determine to be necessary or desirable to carry out the intent of this special resolution.



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