



MediPharm Labs

(TSXV: LABS)

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

May 2, 2019

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**NOTICE
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of MediPharm Labs Corp. (the “**Company**”) will be held at the offices of Aird & Berlis LLP, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario, M5J 2T9 on Wednesday, June 12, 2019 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2018, together with the reports of the auditors thereon and related management’s discussion and analysis;
2. to elect the directors of the Company;
3. to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and to authorize the directors of the Company to fix its remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution re-approving the Company’s rolling stock option plan, as more fully described in the accompanying management information circular dated May 2, 2019 (the “**Circular**”); and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual and Special Meeting of Shareholders (the “**Notice**”) is the Circular, either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders, and a reply card for use by Shareholders who wish to receive the Company’s interim and/or annual financial statements.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, not later than two (2) business days (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Friday, April 26, 2019.

DATED at Toronto, Ontario, this 2nd day of May 2019.

BY ORDER OF THE BOARD

(signed) “*Patrick McCutcheon*”

Patrick McCutcheon
Chief Executive Officer



MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of MediPharm Labs Corp. (the “**Company**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Company (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation of proxies will primarily be made by sending proxy materials to Shareholders by mail, and, in relation to the delivery of this Circular, by posting this Circular online at <https://docs.tsxtrust.com/2120> and our SEDAR (as defined below) profile at www.sedar.com pursuant to the Notice-and-Access (as defined below) provisions. See “Notice-and-Access” on page 3 of this Circular for further information.

The solicitation of proxies may be supplemented by telephone or other personal contact to be made without special compensation by directors, officers and employees of the Company or by the Company’s transfer agent and registrar. The Company may retain other persons or companies to solicit proxies on behalf of management in which event customary fees for such services will be paid. All costs of solicitation will be borne by the Company. The Company has sent the N&A Notice (as defined below) and a form of proxy or voting instruction form, as applicable, (the “**Notice Package**”) to all Shareholders informing them that this Circular is available online and explaining how this Circular may be accessed. The Company will not directly send the Notice Package to Beneficial Shareholders. Instead, the Company will pay clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward the Notice Package to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company has elected to pay for the delivery of the Notice Package to objecting Beneficial Shareholders by the Intermediaries. The Company is sending the Notice Package directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, TSX Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Notice Package.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 not later than two (2) business days (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder

or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
 - (i) at the registered office, 151 John St. Barrie, Ontario L4N 2L1, at any time up to and including Tuesday, June 11, 2019; or
 - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares, or non-objecting beneficial owners whose names have been provided to the Company's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures

and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. 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. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

NOTICE-AND-ACCESS

The Company is utilizing the notice-and-access mechanism (“**Notice-and-Access**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) in the case of Beneficial Shareholders and National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) in the case of registered Shareholders.

Notice-and-Access allows the Company to deliver this Circular to Shareholders via specified electronic means provided that the conditions of NI 54-101 and NI 51-102 are met.

In accordance with NI 54-101, the Company set the Record Date (as defined below) at least 40 days before the Meeting and also filed a form of notification of the Record Date and the date of the Meeting at least 25 days before the Record Date.

Website Where Meeting Materials are Posted

The Notice-and-Access provisions are a set of rules that allow reporting issuers to choose to deliver proxy-related materials to registered Shareholders and Beneficial Shareholders by posting electronic versions of proxy-related materials online, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders.

The Company will not rely upon the use of “stratification”. In order for a reporting issuer such as the Company to avail itself of the Notice-and-Access process, the Company must send a notice to

Shareholders (the “**N&A Notice**”), including Beneficial Shareholders, indicating the websites where this Circular has been posted and explaining how a Shareholder can access the Circular online or obtain a paper copy from the Company as well as other basic information about the Meeting including, among other things, the matters to be voted on at the Meeting.

Electronic copies of the Circular, the Notice, the annual audited consolidated financial statements of the Company for the year ended December 31, 2018 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for the year ended December 31, 2018 (“**MD&A**”) may be found on the Company’s SEDAR profile at www.sedar.com and online at <https://docs.tsxtrust.com/2120>. In relation to the Meeting, Shareholders with existing instructions on their account to receive printed materials and those Shareholders with addresses outside of Canada and the United States will receive a printed copy of the Notice Package. All other Shareholders will receive only the required notification documentation under Notice-and-Access, which will not include a paper copy of the Circular.

Obtaining Paper Copies of Materials

The Company anticipates that using Notice-and-Access for delivery will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about Notice-and-Access can call the Company toll-free in North America at 1-866-600-5869. Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting TSX Trust Company at the same toll-free number or at TMXEInvestorServices@tmx.com. Requests should be received at least five (5) business days in advance of the proxy cut-off date set out in the accompanying proxy or voting instruction form in order to receive the meeting materials in advance of the date of the Meeting.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The meeting materials are being sent to both registered and Beneficial Shareholders. 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 Common Shares, 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 request for voting instructions.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company has fixed the close of business on Friday, April 26, 2019 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 112,987,335 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding.

In accordance with the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Company will prepare a list of the holders of Common Shares on the Record Date. Each holder of Common Shares named on the list will be entitled to vote the Common Shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at the date of this Circular, no person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to the Common Shares.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The general objectives of the Company’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

Elements of Compensation

1. Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer’s compensation package. Base salary is recognition for discharging day-to-day duties and responsibilities and reflects the Named Executive Officer’s performance over time, as well as that individual’s particular experience and qualifications. A Named Executive Officer’s base salary is reviewed by the board of directors of the Company (the “**Board**”) on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

2. Stock Option Plan

The Company’s stock option plan (the “**Stock Option Plan**”) is intended to reinforce commitment to long-term growth in profitability and shareholder value by encouraging share ownership and entrepreneurship on the part of the senior management and other employees.

Directors, officers, employees and consultants of the Company or its subsidiaries are eligible to receive grants of stock options under the Stock Option Plan. The Stock Option Plan is an important part of the Company’s long-term incentive strategy for its directors, officers, employees and consultants, providing them with an opportunity to purchase Common Shares and benefit from the appreciation thereof. The Stock Option Plan is intended to provide an increased incentive for participants to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all shareholders and increasing the ability of the Company and its subsidiaries to attract and retain individuals of exceptional skill.

The Stock Option Plan is administered by either the Board or the Compensation Committee of the Company (the “**Compensation Committee**”). In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan. See “Particulars of Matters to be Acted Upon – Re-approval of Stock Option Plan” below for further details regarding the Stock Option Plan.

Compensation of Directors

The following table illustrates the compensation structure for the non-executive directors. The directors may also be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors in addition to the compensation as set out below.

Position	Per Meeting
Non-executive director	\$3,000

Officers of the Company who also act as directors will not receive any additional compensation for services rendered in such capacity, other than as paid by the Company in their capacity as officers.

Compensation Risk

The Board and, as applicable, the Compensation Committee, considers and assesses the implications of risks associated with the Company’s compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Company’s practice of compensating its officers primarily through a mix of salary and stock options is designed to mitigate risk by: (i) ensuring that the Company retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Company and the Shareholders. As at the date of this Circular, the Board had not identified risks arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Financial Instruments

Pursuant to the terms of the Company’s Insider Trading Policy, the Company’s officers and directors are prohibited from purchasing financial instruments, such as 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 an officer or director.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee’s Charter. The Compensation Committee is composed of Patrick McCutcheon, Keith Strachan and Christopher Hobbs. Messrs. McCutcheon, Strachan and Hobbs are not independent as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), as each of them is an executive officer of the Company.

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers and the Company’s other senior officers is determined with regard to the Company’s business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation

Committee in making informed decisions on the suitability of the Company’s compensation policies and practices. Each of the members of the Compensation Committee has experience on the board of directors and related committees of other public companies, or such other relevant experience, as described under “Particulars of Matters to be Acted Upon – Election of Directors” in this Circular.

Executive Compensation-Related Fees

No executive compensation-related fees were paid in 2017 or 2018.

Summary Compensation Table – Named Executive Officers

The following table sets forth the compensation paid or awarded to the following individuals: (i) the Chief Executive Officer of the Company; (ii) the Chief Financial Officer of the Company, (iii) the President of the Company; (iv) the Chief Operating Officer of the Company; and (v) the Chief Marketing Officer of the Company (collectively, the “**Named Executive Officers**”) for the financial years ended December 31, 2018, 2017 and 2016.

Name and principal position	Year	Salary/Fee (\$)	Share-based awards (\$)	Option-based awards (\$ ⁽¹⁾)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Patrick McCutcheon Chief Executive Officer ⁽²⁾	2018	270,192	-	195,762	-	-	594	466,549
	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Christopher Hobbs Chief Financial Officer ⁽³⁾	2018	80,000	-	128,681	-	-	-	208,681
	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Keith Strachan President ⁽⁴⁾	2018	174,615	-	176,186	-	-	559	351,361
	2017	72,905	-	-	-	-	-	-
	2016	11,600	-	-	-	-	-	-
David Mayers Chief Operating Officer	2018	49,882	-	151,269	-	-	257	201,407
	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Sybil Taylor Chief Marketing Officer	2018	67,692	-	132,360	-	-	428	200,480
	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-

Notes:

- (1) Calculated based on the Black-Scholes model for option valuation. The fair value of the stock options has been calculated based on the following assumptions:

Year	Risk-free Interest Rate	Expected Life	Expected Stock Price Volatility	Expected Dividend Yield
2018	1.89-2.36%	5 Years	81%	0%

- (3) On October 1, 2018, Patrick McCutcheon was appointed as President and Chief Executive Officer of the Company and David D’Onofrio resigned as Chief Executive Officer of the Company in connection with the completion of the reverse take-over of the Company by the shareholders of MediPharm Labs Inc. (“**MediPharm Labs**”).
- (4) On October 1, 2018, Christopher Hobbs was appointed as Chief Financial Officer of the Company and David D’Onofrio resigned as Chief Financial Officer of the Company in connection with the completion of the reverse take-over of the Company by the shareholders of MediPharm Labs.
- (4) On October 1, 2018, Keith Strachan was appointed as Vice-President of Business Development of the Company. Prior to October 1, 2018, Mr. Strachan acted as a director of MediPharm Labs. The salaries indicated above reflect those paid

to Mr. Strachan by both the Company and MediPharm Labs. In February 2019, Mr. Strachan was appointed as President of the Company and Mr. McCutcheon resigned as President of the Company.

Incentive Plan Awards – Named Executive Officers

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of December 31, 2018:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Patrick McCutcheon	1,268,000	0.23659	02-Jan-23	1,906,324	-	-	-
Christopher Hobbs	634,000	0.23659	30-Apr-23	953,162	-	-	-
Keith Strachan	1,141,200	0.23659	02-Jan-23	1,715,688	-	-	-
David Mayers	480,000	1.68	24-Oct-23	28,800	-	-	-
Sybil Taylor	420,000	1.68	24-Oct-23	25,200	-	-	-

Note:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$1.74 for the Common Shares on the TSX Venture Exchange (the “**Exchange**”) on the last trading day of the year ended December 31, 2018, and the exercise price of the options, multiplied by the number of unexercised options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended December 31, 2018.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Patrick McCutcheon	2,603,724	-	-
Christopher Hobbs	1,301,862	-	-
Keith Strachan	2,343,348	-	-
David Mayers	-	-	-
Sybil Taylor	-	-	-

Note:

- (1) The “value vested during the year” is calculated as the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting (or the most recent closing price on the Exchange, if applicable) and the exercise price of the options, multiplied by the number of vested options. In 2018, the closing price for the Common Shares on the Exchange on the applicable vesting dates were as follows: \$2.29 on October 4, 2018 with respect to the options held by Messrs. McCutcheon, Hobbs and Strachan (being the first closing price on the Exchange after completion of the reverse take-over of the Company by the shareholders of MediPharm

Labs) and \$1.47 on May October 24, 2018 with respect to the options held by Mr. Mayers and Ms. Taylor (being the first closing price on the Exchange after the grant on October 24, 2018).

Management Contracts - Termination and Change of Control Benefits

Patrick McCutcheon

Patrick McCutcheon and MediPharm Labs are party to an employment agreement whereby MediPharm Labs has agreed to pay Mr. McCutcheon the amount of 24 months’ salary if: (i) he resigns within 30 days following a change of control event; or (ii) MediPharm Labs terminates Mr. McCutcheon’s employment without cause.

Christopher Hobbs

Christopher Hobbs and MediPharm Labs are party to a consulting agreement whereby MediPharm Labs has agreed to pay Mr. Hobbs six months’ compensation if MediPharm Labs terminates Mr. Hobbs’ agreement without cause.

David Mayers

David Mayers and MediPharm Labs are party to an employment agreement whereby MediPharm Labs has agreed to pay Mr. Mayers 12 months’ salary if MediPharm Labs terminates Mr. Mayers’ employment without cause.

Sybil Taylor

Sybil Taylor and MediPharm Labs are party to an employment agreement whereby MediPharm Labs has agreed to pay Ms. Taylor six months’ salary if MediPharm Labs terminates Ms. Taylor’s employment without cause.

Keith Strachan

Keith Strachan and MediPharm Labs are party to an employment agreement whereby MediPharm Labs has agreed to pay Mr. Strachan 24 months’ salary if: (i) he resigns within 30 days following a change of control event; or (ii) MediPharm Labs terminates Mr. Strachan’s employment without cause.

Director Compensation

The following table sets forth all amounts of compensation provided to the directors of the Company (other than directors who are also Named Executive Officers) during the year ended December 31, 2018:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards⁽¹⁾ (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Miriam McDonald	-	-	56,726	-	-	56,726
Marufur Raza	-	-	56,726	-	-	56,726
Dr. Paul Tam ⁽²⁾	-	-	-	-	-	-

Notes:

- (1) Calculated based on the Black-Scholes model for option valuation. The fair value of the stock options has been calculated based on the following assumptions:

Year	Risk-free Interest Rate	Expected Life	Expected Stock Price Volatility	Expected Dividend Yield
2018	2.36%	5 Years	81%	0%

- (2) Dr. Tam was appointed to the Company’s Board on April 30, 2019.

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

The following table sets forth all awards outstanding for each of the directors of the Company (other than directors who are also Named Executive Officers) as of December 31, 2018:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Miriam McDonald	180,000	1.68	24-Oct-23	10,800	-	-	-
Marufur Raza	180,000	1.68	24-Oct-23	10,800	-	-	-
Dr. Paul Tam ⁽²⁾	-	-	-	-	-	-	-

Notes:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$1.74 for the Common Shares on the Exchange on the last trading day of the year ended December 31, 2018, and the exercise price of the options, multiplied by the number of unexercised options.
- (2) Dr. Tam was appointed to the Company’s Board on April 30, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Company (other than directors who are also Named Executive Officers) during the year ended December 31, 2017:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Miriam McDonald	-	-	-
Marufur Raza	-	-	-
Dr. Paul Tam ⁽²⁾	-	-	-

Notes:

- (1) The “value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting (or the most recent closing price on the Exchange, if applicable) and the exercise price of the options, multiplied by the number of vested options. In 2018, the closing price for the Common Shares on the Exchange on the applicable vesting date was as follows: \$1.47 on October 24, 2018 (being the first closing price on the Exchange after the grant on October 24, 2018).
- (2) Dr. Tam was appointed to the Company’s Board on April 30, 2019.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon exercise of outstanding options pursuant to the Stock Option Plan, as at December 31, 2018:

Plan Category	Number of Common Shares to be issued upon exercise of options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under Stock Option Plan
Equity compensation plans approved by security holders	9,389,606	\$0.70	364,330
Equity compensation plans not approved by security holders	-	-	-
Total	9,389,606	-	364,330

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended December 31, 2018 was, a director or executive officer of the Company, a proposed management nominee for election as a director of the Company, or an associate of any such director, executive officer or proposed nominee, was indebted to the Company or any of its subsidiaries during the financial year ended December 31, 2018 or as at the date of this Circular in connection with security purchase programs or other programs.

REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Company's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Company's corporate governance practices, which addresses the matters set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, is set out at Schedule "A" to this Circular.

AUDIT COMMITTEE DISCLOSURE

Disclosure relating to the Audit Committee is contained under the heading "Audit Committee" in the Company's Annual Information Form dated April 3, 2019 which is available under the Company's profile on SEDAR at www.sedar.com.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed nominee for election as a director of the Company or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Company has participated since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Company.

Warren Everitt, Managing Director of MediPharm Labs Australia Pty. Ltd. (“**MediPharm Labs Australia**”), acquired a plot of industrial land in Victoria, Australia for approximately A\$350,000 in October 2017. In July 2018, Mr. Everitt sold such plot of industrial land to MediPharm Labs Australia (which he owns 20% of) for approximately A\$350,000 for use as MediPharm Labs Australia’s prospective facility location.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The Board presently consists of six directors, namely, Patrick McCutcheon, Christopher Hobbs, Miriam McDonald, Marufur Raza, Keith Strachan and Dr. Paul Tam. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the articles of the Company. The enclosed form of proxy permits Shareholders to vote for all nominees together or for each nominee on an individual basis.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.

Advance Notice Requirement

The Company’s by-laws contain a provision requiring advance notice of nominations of directors (the “**Advance Notice Provision**”) in certain circumstances where nominations for election to the Board are made by Shareholders.

The following is a brief summary of certain provisions of the Advance Notice Provision, and is qualified in its entirety by the full text of the Company’s by-laws which are available under the Company’s profile on SEDAR at www.sedar.com:

- (i) Other than pursuant to:
 - (a) a proposal made in accordance with the OBCA; or
 - (b) a requisition of a meeting of Shareholders made in accordance with the OBCA,

Shareholders must give advance written notice to the Company of any nominees for election to the Board.

- (ii) The Advance Notice Provision fixes a deadline by which registered Shareholders must submit, in writing, nominations for directors to the corporate secretary of the Company prior to any annual

or special meeting of Shareholders and sets forth the specific information that such holders must include with their nominations in order to be effective.

- (iii) For an annual meeting of Shareholders, notice to the Company must be not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement.
- (iv) For a special meeting of Shareholders (that is not also an annual meeting), notice to the Company must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made.

For the purposes of the Advance Notice Provision, “public announcement” means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on SEDAR at www.sedar.com. The Board may, in its sole discretion, waive any requirement of the Advance Notice Provision.

Director Nominee Profiles

The following tables set out certain information as of the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Company is presented to the best knowledge of management of the Company and has been furnished to management of the Company by such directors. Information regarding Board and committee meeting attendance is presented for meetings held in 2018.

PATRICK MCCUTCHEON		Principal Occupation and Biographical Information		
		Before founding MediPharm, Patrick McCutcheon enjoyed a 15-year career in the pharmaceutical industry in top sales roles, successfully launching a wide range of medical products. He most recently worked at Janssen Pharmaceuticals (Johnson & Johnson) where he led the Hospital Division for Renal and Mental Health products. Mr. McCutcheon’s foresight in creating a business that focuses on advanced cannabis concentrates bodes well for medical research, investors and consumers alike. Mr. McCutcheon holds an HBSc (Biology) degree from the University of Western Ontario. Mr. McCutcheon is the Chief Executive Officer of the Company and has been a director since October 1, 2018.		
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3	3 of 3	100%	N/A
Member of the Compensation Committee	N/A			
Number of Common Shares Beneficially Owned, Controlled or Directed				9,333,240 Common Shares

CHRISTOPHER HOBBS		Principal Occupation and Biographical Information		
	Christopher Hobbs has acted as Chief Financial Officer for several private and public companies operating in the resource, health sciences and technology sectors. Mr. Hobbs is a member of the Chartered Accountants of Ontario and holds a Bachelor of Business Administration from the Schulich School of Business at York University. Mr. Hobbs is the Chief Financial Officer of the Company and has been a director since October 1, 2018.			
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3	4 of 4	100%	Lithium Energi Exploration (TSXV) Walker River Resources Corp. (TSXV) Smooth Rock Ventures Corp. (TSXV) Power Americas Corp. (TSXV)
Member of the Audit Committee ⁽¹⁾	1 of 1			
Member of the Compensation Committee	N/A			
Number of Common Shares Beneficially Owned, Controlled or Directed				634,000 Common Shares

Note: (1) Mr. Hobbs resigned from the Company’s Audit Committee on April 30, 2019, in connection with the appointment of Dr. Tam.

MIRIAM MCDONALD		Principal Occupation and Biographical Information		
	Miriam McDonald is currently the Director of Pharmacy at Health Sciences North, Northern Ontario’s largest hospital located in Sudbury. She holds a Bachelor of Science in Pharmacy from the University of Toronto and a Master of Science in Pharmacology from Queens University. Her career has encompassed positions as the Executive Director of Community Development at the Northern Ontario School of Medicine, and CEO of the Northeastern Ontario Medical Education Corporation (NOMECC) wherein she worked throughout northern Ontario to facilitate community-based medical clinical education. Ms. McDonald also served as Director of Planning and Development of Cambrian College, Executive Director of Cambrian Foundation, and Director of Pharmacy, Director of Rehabilitation Services and Assistant Executive Director of Therapeutic Services at Laurentian Hospital. Ms. McDonald was Project Coordinator for the planning and construction of the Glenn Crombie Special Needs Centre, the Northern Centre for Advanced Technology (NORCAT), and the Northeastern Cancer Centre. She is the author and co-author of a number of health-related papers and studies and is very active in the community both on a personal and professional level. Ms. McDonald has been recognized by Northern Ontario Business as a “Woman of Influence”, was the recipient of the Sudbury Business and Professional Women’s Club highest honour – the Bernardine Yackman Award, and has served on the Women’s Health Council of Ontario and Ontario Judicial Appointment Advisory Committee. Raised in northern Ontario, her strongest interest is in projects that address accessibility to health, education and information technology in northern Ontario. Ms. McDonald has been a director since October 1, 2018.			
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3	4 of 4	100%	N/A
Member of the Audit Committee	1 of 1			
Number of Common Shares Beneficially Owned, Controlled or Directed				84,537 Common Shares

MARUFUR RAZA		Principal Occupation and Biographical Information		
	<p>Marufur Raza serves as an advisor to public companies and private companies planning on going public through direct initial public offerings or reverse mergers. Mr. Raza is one of the leaders of MNP LLP's ACMPR team. His principal role has been auditing these companies as well as assisting them in their going-public process. He has also helped in securing financing for some of the companies in this sector. Mr. Raza is considered a thought leader in the practical application of the IFRS biological asset standard and measurement of fair value of the assets. He has experience with the medical marijuana sector internationally and has assisted with these companies listing in Canada. Mr. Raza has helped numerous Canadian and international companies go public in Canada. He has worked around the globe, with a special focus on Latin America and Africa and specializes in helping finance these companies in Canada, either through public or private transactions. Mr. Raza has extensive experience working with clients in the technology, mining, pharmaceutical and gaming sectors. He is also involved with investment funds and Exempt Market Dealers. Mr. Raza is a Chartered Professional Accountant (CPA), qualifying as a Chartered Accountant (CA) in 2001. He currently serves on the PDAC-CPA Canada joint Mining Task Force for IFRS. He also serves as a director to several TSX and TSXV listed companies. Mr. Raza has been a director since October 1, 2018.</p>			
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3	4 of 4	100%	White Gold Corp. (TSXV) Anaconda Mining Inc. (TSX)
Member of the Audit Committee	1 of 1			
Number of Common Shares Beneficially Owned, Controlled or Directed				114,628 Common Shares

KEITH STRACHAN		Principal Occupation and Biographical Information		
	<p>Keith Strachan is a supply chain management expert having held various procurement positions in different governmental ministries and agencies including correctional services, policing, transportation and healthcare. Mr. Strachan has operated a business development consulting practice, specializing in Public Sector RFP and government contracts, compliance for government licensing and local planning. Mr. Strachan has a passion for entrepreneurship with ownership in several companies in the hospitality industry. Mr. Strachan is the President of the Company and has been a director since October 1, 2018.</p>			
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3	4 of 4	100%	N/A
Member of the Compensation Committee	1 of 1			
Number of Common Shares Beneficially Owned, Controlled or Directed				7,481,200 Common Shares

DR. PAUL TAM		Principal Occupation and Biographical Information			
	<p>With more than three decades of clinical research and medical practice experience, Dr. Paul Tam is a globally recognized expert in the field of nephrology and a pioneer in the development of continuous renal replacement therapy for acute kidney injury. In 1996, Dr. Tam founded the Scarborough Regional Nephrology Program where he is currently Medical Director of the largest community nephrology program in Canada. Dr. Tam oversees a team of thirteen nephrologists that provide renal care to over 900 dialysis patients and 4,000 chronic kidney disease patients and is also an active staff nephrologist at The Scarborough Hospital. Dr. Tam is also the Medical Quality Advisor for three major Independent Health Facilities that provide hemodialysis care.</p> <p>Dr. Tam has extensive and highly specialized experience in pharmaceutical development having co-founded and acted as the Medical Director overseeing operations and clinical research for a contract research organization which was ultimately acquired by the Biovail Corporation. Dr. Tam served as a Director of Biovail Corporation after the acquisition and he also served as the Medical Director of Contract Research arm of Biovail Corporation. Dr. Tam continues to be active in clinical research and participate in multi-national trials, product commercialization and is a highly respected subject matter author.</p> <p>Dr. Tam also leads and serves on multiple professional and executive governance committees. He is an active member and past Section Chair representing the Nephrology Specialty of the Ontario Medical Association, and active member and past Chair of the Ontario Association of Nephrologists. In the past he has also served on the Boards of Directors for pharmaceutical companies.</p> <p>Dr. Tam received his medical degree from The University of Hong Kong and completed further specialization at the University of Toronto, Canada.</p>				
	Current Board/Committee Membership	Attendance ⁽¹⁾	Attendance (Total)		Other Public Board Memberships
	Member of the Board	N/A	N/A	N/A	N/A
	Member of the Audit Committee	N/A			
Number of Common Shares Beneficially Owned, Controlled or Directed				N/A	

Note: (1) Dr. Tam was appointed to the Board and Audit Committee on April 30, 2019.

Corporate Cease Trade Orders

To the knowledge of the Company, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

The foregoing information, not being within the knowledge of the Company, has been furnished by the proposed directors.

Bankruptcies, or Penalties or Sanctions

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or 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 10 years before the date of this 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 his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The foregoing information, not being within the knowledge of the Company, has been furnished by the proposed directors.

2. Appointment of Auditor

Management proposes to nominate Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as auditor of the Company to hold office until the next annual meeting of Shareholders.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF DALE MATHESON CARR-HILTON LABONTE LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITOR OF THE COMPANY AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

3. Re-approval of Stock Option Plan

Summary of Stock Option Plan

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company and its affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The purpose of the Stock Option Plan, pursuant to which the Company may grant incentive stock options, is to promote the profitability and growth of the Company by facilitating the efforts of the Company to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages

ownership of the Common Shares by its key individuals so that they may increase their stake in the Company and benefit from increases in the value of the Common Shares.

Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant.

Incentive stock options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Company or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately. In the event that the Company becomes listed on the Toronto Stock Exchange, the Stock Option Plan provides that the Board may grant options which allow an optionee to elect to exercise its option on a “cashless basis”, whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the option and the aggregate exercise price of such option is divided by (ii) the Fair Market Value of each Common Share. “Fair Market Value” as defined in the Stock Option Plan means the closing price as reported by the Toronto Stock Exchange (in the event that the Company becomes listed on the Toronto Stock Exchange) on the last trading day immediately preceding the exercise date. Options may be granted with a maximum expiry term of 10 years.

As at the date of this Circular, a total of 10,467,801 Common Shares were issuable pursuant to options granted under the Stock Option Plan, representing approximately 9.23% of the issued and outstanding Common Shares.

Approval of the Stock Option Plan

As the Stock Option Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Stock Option Plan, Exchange Policy 4.4 requires that the Stock Option Plan receive shareholder approval each year at the annual shareholders’ meeting. Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Stock Option Plan. A copy of the Stock Option Plan is attached as Schedule “B” to this Circular.

The Board has unanimously approved the Stock Option Plan and recommends that Shareholders vote FOR the resolution regarding the Stock Option Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Stock Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“WHEREAS the policies of the TSX Venture Exchange require annual shareholder approval for the continuation of the rolling stock option plan of the Company (the “**Stock Option Plan**”);

RESOLVED THAT:

1. the Stock Option Plan, in the form attached as Schedule "B" to the management information circular of the Company dated May 2, 2019, is hereby authorized and approved; and
2. any one officer and director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE STOCK OPTION PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE STOCK OPTION PLAN.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person or company who has been a director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing persons 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.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Financial information is provided in the Financial Statements and MD&A. In addition, copies of the Company's Financial Statements and MD&A and this Circular may be obtained upon request to the Company. The Company may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Company.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Circular and the sending of it to each director of the Company, to the auditor of the Company, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Company.

Dated: May 2, 2019.

(signed) "*Patrick McCutcheon*"

Patrick McCutcheon
Chief Executive Officer



**SCHEDULE “A”
STATEMENT OF GOVERNANCE PRACTICES**

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
Board of Directors	
1. Board of Directors - Disclose how the board of directors (the “ Board ”) of MediPharm Labs Corp. (the “ Company ”) facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.	The Board currently consists of a total of five directors of which Miriam McDonald and Marufur Raza are considered “independent”. Patrick McCutcheon, Christopher Hobbs and Keith Strachan are executive officers of the Company.
2. Directorships - If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Please refer to the accompanying management information circular dated May 2, 2019 (the “ Circular ”) under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.
Orientation and Continuing Education	
3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.	Each director ultimately assumes responsibility for keeping himself informed about the Company’s business and relevant developments outside the Company that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Company’s business and developments in areas where they are not commonly exposed.
Ethical Business Conduct	
4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	The Board is responsible for promoting an ethical business culture and fostering an environment that places an emphasis on compliance. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Company proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.
Nomination of Directors	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Board is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Board does review the experience and performance of nominees for election to the Board. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Board also assesses any potential conflicts, independence or time commitment concerns that

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
	the candidate may present.
Compensation	
6. Disclose what steps, if any, are taken to determine compensation for the directors and officers, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the “Compensation Discussion and Analysis” section of the accompanying Circular.
Other Board Committees	
7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board does not have any standing committees other than the Compensation Committee and the Audit Committee.
Assessments	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board is currently responsible for assessing the effectiveness of the Board, the individual directors and the Audit Committee.



MediPharm Labs

**SCHEDULE “B”
STOCK OPTION PLAN**

1. Purpose of the Plan

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the Exchange Corporate Finance Manual):

- (a) **“Acceleration Right”** means the Participant’s right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) **“Board”** means the board of directors of the Corporation;
- (c) **“Business Day”** means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) **“Common Shares”** means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment
- (e) **“Corporation”** means MediPharm Labs Corp., and includes any successor corporation thereof;
- (f) **“Exchange”** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) **“Exercise Notice”** means the notice in writing signed by the Participant or the Participant’s legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;
- (h) **“Expiry Time”** means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;

- (i) **“Fair Market Value”** means, for the purposes of Sections 4.5 and 9.4 hereof, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by the Toronto Stock Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;
- (j) **“Insider”** has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (k) **“Option”** means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (l) **“Option Price”** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (m) **“Participants”** means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (n) **“Personal Holding Company”** means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (o) **“Plan”** means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (p) **“Subsidiary”** means any corporation that is a subsidiary of the Corporation, as such term is defined under the *Business Corporations Act* (Ontario), as such provision is from time to time amended, varied or re-enacted, or a “related entity” as defined in section 2.22 of National Instrument 45-106; and
- (q) **“Take-Over Bid”** has the meaning ascribed thereto in the *Securities Act* (Ontario), as such provision is from time to time amended, varied or re-enacted.

3. Administration of the Plan

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the “**Committee**”). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the “**Administrator**”), the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

4. Granting of Option

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

4.4 Any grant of Options under the Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant, other than a Consultant, in any 12 month period may not exceed 5% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;

- (d) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one Consultant in any 12 month period; and
- (e) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period.

4.5 Provided that the Corporation is listed on the Toronto Stock Exchange (the “TSX”) and is in compliance with applicable TSX requirements, the Board may grant Options which allow a Participant to elect to exercise its Option on a “cashless basis”, whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Common Share. For greater certainty, the Options may not be exercised on a “cashless basis” while the Common Shares are listed on the Exchange.

4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

5. Option Price

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange, but in no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.

5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained; provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

6. Term of Option

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or

limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.

6.5 Except in the case of a Participant's Option that terminates pursuant to Section 11.3 below, in the event that the term of any Option expires within or immediately following a "blackout period" imposed by the Corporation, the Option shall expire on the date (the "**Blackout Expiration Date**") that is ten Business Days following the end of such blackout period. The Blackout Expiration Date shall not be subject to the discretion of the Board.

7. Exercise of Option

7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation's principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

8. Adjustments in Shares

8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

9. Accelerated Vesting

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the

Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder and subject to the prior written approval of the Exchange with respect to Exchange-imposed vesting conditions, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion and subject to the prior written approval of the Exchange with respect to Exchange-imposed vesting conditions, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

- (a) the Expiry Time; and
- (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-Over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.4 Provided that the Corporation is listed on the TSX and is in compliance with applicable TSX requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the Fair Market Value of the Common Shares to which the Participant would be entitled upon exercise of all unexercised Options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

10. Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

11. Ceasing to be a Director, Officer, Employee or Consultant

11.1 Subject to the terms of the applicable stock option agreements and subject to Section 11.4 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant,

prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

12. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

13. Amendment or Discontinuance of Plan

13.1 (a) The approval of the Board and the requisite approval from the Exchange and the shareholders shall be required for any of the following amendments to be made to the Plan:

- (i) any increase to the fixed maximum percentage of Common Shares issuable under the Plan;
- (ii) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;

- (iii) an increase in the maximum number of Common Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
 - (iv) an extension of the term of an Option held by or benefiting an Insider;
 - (v) any change to the definition of “Participants” which would have the potential of broadening or increasing Insider participation;
 - (vi) the addition of any form of financial assistance;
 - (vii) any amendment to a financial assistance provision which is more favourable to Participants;
 - (viii) provided that the Corporation is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
 - (ix) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Corporation; and
 - (x) any other amendments that may lead to significant or unreasonable dilution in the Corporation’s outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Corporation and its existing shareholders.
- (b) The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subsection 13.1 (a) above including, without limitation:
- (i) amendments of a housekeeping nature;
 - (ii) a change to the vesting provisions of an Option or the Plan;
 - (iii) a change to the termination provisions of an Option which does not entail an extension beyond the original expiry date, except as contemplated in Section 6.5 above; and
 - (iv) provided that the Corporation is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

14. Participants’ Rights

14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the

Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

15. Approvals

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

16. Government Regulation

16.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

17. Costs

The Corporation shall pay all costs of administering the Plan.

18. Interpretation

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

19. Compliance with Applicable Law

If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.