



NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL AND GENERAL MEETING OF THE SHAREHOLDERS

To be held on Tuesday, September 23, 2014

PACIFIC THERAPEUTICS LTD.
NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**Meeting**") of the shareholders of Pacific Therapeutics Ltd. (the "**Corporation**") will be held at 1500 - 409 Granville Street Vancouver, BC V6C 1T2 on Tuesday, September 23, 2014 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2013, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation at five (5) persons for the ensuing year;
3. to elect the directors for the ensuing year;
4. to appoint James Stafford Inc. Chartered Accountants as the auditors of the Corporation and to authorize the directors to fix the auditors' remuneration and the terms of their engagement;
5. to consider, and if thought fit, to pass an ordinary resolution to re-approve the Corporation's 2014 Stock Option Plan; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment(s) thereof.

Accompanying this Notice are the Corporation's Management Information Circular, a Form of Proxy or Voting Instruction Form and a request card for use by Shareholders who wish to receive our financial statements. The accompanying Management Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice. Shareholders of record as at the close of business on August 18, 2014 (the "Record Date") will be entitled to receive notice of and vote at the Meeting.

Shareholders are entitled to vote at the Meeting either in person or by proxy. Those unable to attend are requested to read, complete, date, sign and return the enclosed Form of Proxy to the Transfer Agent, Valiant Trust located 600-750 Cambie Street Vancouver BC Canada V6B 0A2 or by using the internet through the website of the Issuer's transfer agent's website, <https://proxy.valianttrust.com> as per the instructions provided on the form, on or before 11:00 a.m. (Vancouver time) on September 19, 2014.

If you are a non-registered Shareholder of Common Shares of the Corporation and an objecting beneficial owner and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. If you do not complete and return the materials in accordance with such instructions, you may lose your right to vote at the Meeting.

DATED at Vancouver, British Columbia, this 22nd day of August 2014

BY ORDER OF THE BOARD

Douglas H. Unwin
President and Chief Executive Officer

Pacific Therapeutics Ltd.

MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of management of Pacific Therapeutics Ltd. (the "Corporation") for use at the annual and general meeting of shareholders of the Corporation (the "Meeting") to be held on Friday September 23, 2014, at 11:00 a.m. (Vancouver time), or any adjournment thereof, at 1500 - 409 Granville Street Vancouver, BC V6C 1T2, for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

The solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

All information in this Circular is given as at August 18, 2014, unless otherwise indicated.

In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Q&A ON PROXY VOTING

Q: What am I voting on?

A: Shareholders are voting on: (i) fixing the number of directors at five; (ii) the election of directors to the board of directors of the Corporation (the "**Board**") for the forthcoming year; (iii) the appointment of auditors for the Corporation for the forthcoming year and the authorization of the directors of the Corporation to fix their remuneration and the terms of their engagement; and (iv) the re-approval of the Corporation's existing stock option plan (the "**Option Plan**").

Q: Who is entitled to vote?

A: Shareholders as of the close of business on August 18, 2014 (the "**Record Date**") are entitled to vote at the Meeting and at any adjournments thereof. Each common share (each a "**Share**" and collectively, the "**Shares**") is entitled to one vote on those items of business identified in the Notice of Meeting.

Q: How do I vote?

A: There are several ways you can vote your Shares if you are a registered shareholder:

- (i) By attending the Meeting and voting;
- (ii) By completing, dating and signing the enclosed form of proxy and returning it to the Issuer's transfer agent, Valiant Trust Company, by mail or by hand to Suite 600 – 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, Attention: Proxy Department; or
- (iii) By using the internet through the website of the Corporation's transfer agent's website, <https://proxy.valianttrust.com>; provided that you follow the instructions that appear on the screen and refer to the enclosed form of proxy for the holder's account number and the proxy access number.

In all cases please ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

If your Common Shares are held in the name of a nominee, please refer to the answer to the question "*What if my Common Shares are held through a brokerage account?*" to determine how you may vote your Common Shares.

Q: What if I plan to attend the Meeting and vote in person?

A: If you are a registered shareholder and plan to attend the Meeting on September 23, 2014 and wish to vote your Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Corporation's transfer agent, Valiant Trust Company, upon arrival at the Meeting. If your Shares are held in the name of a nominee and you wish to attend the Meeting, refer to the answer to the question "*What if my shares are held through a brokerage account?*" for voting instructions.

Q: Who is soliciting my proxy?

A: **The enclosed form of proxy is being solicited by management of the Corporation** and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation.

Q: What happens if I sign the form of proxy enclosed with this Circular?

A: Signing the enclosed form of proxy gives authority to Douglas H Unwin, President, Chief Executive Officer and a director of the Corporation, or failing him, M Greg Beniston, Chairman, respectively, or to another person you have appointed, to vote your Shares at the Meeting.

Q: Can I appoint someone other than these representatives to vote my Shares?

A: Yes. **Write the name of this person, who need not be a shareholder of the Corporation, in the blank space provided in the form of proxy and return the proxy to the Corporation's transfer agent.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Valiant Trust Company.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. A registered shareholder who executes and returns a proxy has the power to revoke it (to the extent that it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (i) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy;
- (ii) with the Corporation's registrar and transfer agent, Valiant Trust Company, by mail or by hand delivery at Suite 600 – 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, Attention: Proxy Department, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof; or
- (iii) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another form of proxy bearing a later date and duly depositing the same as described above in the answer to the question "*How do I vote?*"

A non-registered holder may revoke a voting instruction or a waiver of the right to receive the meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

Q: How will my Shares be voted if I give my proxy?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder must vote your Shares accordingly. If you have not specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder can vote your Shares as he or she sees fit. **IN THE ABSENCE OF SUCH DIRECTIONS, HOWEVER, YOUR SHARES WILL BE VOTED IN FAVOUR OF: (I) FIXING THE NUMBER OF DIRECTORS AT FIVE; (II) THE ELECTION OF MANAGEMENT'S NOMINEES FOR DIRECTORS NAMED IN THIS CIRCULAR; (III) THE APPOINTMENT OF AUDITORS; AND (IV) THE APPROVAL OF THE 2014 STOCK OPTION PLAN.**

Q: What if amendments are made to these matters or if other matters are brought before the Meeting?

A: **The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q: How many Shares are entitled to vote?

A: On the Record Date, there were **37,456,825** Shares issued and outstanding. Each shareholder has one vote for each Share held at the close of business on the Record Date.

Q: How will the votes be counted?

A: Unless otherwise required by law, each question brought before the Meeting is determined by a majority of votes cast on the question.

Q: Who counts the votes?

A: The Corporation's transfer agent, Valiant Trust Company, counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

Q: What if my Shares are held through a brokerage account?

A: If you hold your Shares through a brokerage firm, bank or other intermediary, or in the name of a clearing agency, in most cases you are considered to be a "non-registered" shareholder. **Please refer to the section entitled "Important Information For Non-Registered Shareholders" below for additional information on how to vote your Shares.**

Under the Corporation's articles, the quorum for the transaction of business at the Meeting consists of one or more persons, present in person or by proxy, who, in the aggregate, hold at least 1/20 of the issued shares entitled to be voted at the Meeting.

IMPORTANT INFORMATION FOR NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are Non-Registered Shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of their Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant.

There are two kinds of beneficial owners: those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object (called "NOBOs" for Non-Objecting Beneficial Owners). Issuers can request and obtain a list of their NOBOs from intermediaries via their transfer agents, pursuant to National Instrument 54-101 entitled, "Communication with Beneficial Owners of Securities of Reporting Issuers" ("NI 54-101") and issuers can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Corporation has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction from the Broadridge Financial Solutions, Inc. ("**Broadridge**"). These voting instruction forms are to be completed and returned in the envelope provided or by any other voting methods described on the voting instruction form itself, which contains complete instructions regarding voting procedures. The Transfer Agent will tabulate the results of the voting instruction forms received and will provide appropriate instructions at the Meeting with respect to the shares represented by voting instruction forms they receive.

The voting instruction form supplied to you by your Intermediary will be similar to the Proxy provided to the Registered Shareholders by the Corporation. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. 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. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting – the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.**

Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or person designated by you, may attend at the Meeting as proxyholder for your Intermediary and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your Intermediary, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of the Corporation consists of an unlimited number of Shares without par value, and an unlimited number of preferred shares without par value. As of the date of this Circular, **37,456,825** Shares were issued and outstanding. Each Share held as of the Record Date is entitled to one vote.

The outstanding Shares are listed for trading on the Canadian Stock Exchange (the "CSE") under the symbol PT.

To the knowledge of the Directors and executive officers of the Corporation, the beneficial owners or persons exercising control or direction over Corporation shares carrying more than 10% of the outstanding voting rights are:

Name	Number of Shares	Percentage
Douglas H. Unwin ^{1,2}	4,617,667	12.33%

Notes: Represents shares owned by shareholder as at August 18, 2014

The above information was supplied to the Corporation by the shareholders and from the insider reports available at www.sedi.com

As of the date hereof, the directors and executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, or exercised control or direction over, approximately 5,904,187 Shares, representing approximately 16% of the outstanding Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the year ended December 31, 2013 together with the report of the auditors thereon, will be presented to the shareholders at the Meeting for their review and consideration.

B. NUMBER OF DIRECTORS

The Articles of the Corporation provide that the Corporation shall have a minimum of three and a maximum of that number of directors as may be fixed or changed from time to time by majority approval from the shareholders. Accordingly, shareholders will be asked to set the number of directors at five (5). One (1) position on the board will remain vacant until a suitable candidate is found.

C. ELECTION OF DIRECTORS

Management of the Corporation proposes to nominate the persons listed below for election as directors to hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) (the "BCA") and the Articles.

All of the nominees are currently members of the Board and have been since the dates indicated below. Management does not contemplate that any of the nominees will be unable to serve as a director. **However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited proxy.**

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of Shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

Name, Residence and Present Position within the Corporation	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised	Principal Occupation for the past five years (1)
Douglas H. Unwin (2),(3) North Vancouver, British Columbia President, CEO & Director	September 12, 2005	4,617,667	Businessman and Consultant
M. Greg Beniston (2), (3) Vancouver, British Columbia Director	October 31, 2007	400,500	Senior Legal Counsel, CHC Helicopter Group 2006 to 2013; Lawyer, (Sole Practitioner) 2003 to present;
Wendi Rodriguez Director	November 5, 2009	100,000	Chief Scientific Officer, ProNAi Therapeutics, Inc. September 2006 to present,
Douglas Wallis (2), (3) Director	May 10, 2011	350,510	Partner Smyth Ratcliffe Chartered Accountants, Consultant 2013 to present

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.
- (2) Denotes a member of Audit Committee. Douglas Wallis is the Chairman of the Audit Committee.
- (3) Denotes a member of the Compensation Committee. M Greg Beniston is the Chairman of the Compensation Committee.

Pursuant to the requirements of applicable securities legislation, we are providing additional biographical information for each of the above directors.

Douglas H Unwin – Chief Executive Officer/Director – Doug is an experienced executive with diverse experience in Life Sciences, Aquaculture and Telecommunications. He has spent his last 14 years focused on Life Science start-ups, technology commercialization and venture capital financing. Doug was an Associate with Neuro Discovery Inc. a venture capital company focused on investing in therapies for neurological disorders. During his tenure Doug reviewed numerous business plans and assisted in the structuring of investments. Doug developed the original business models that evolved into a successful specialty pharma. Prior to founding Pacific Therapeutics, Doug was the CEO of Med BioGene Inc. (MBI.CSE Venture) a start-up medical device company.

M Greg Beniston – Mr. Beniston, is a sole practitioner and experienced counsel with expertise in technology, corporate/commercial, securities, corporate governance and aviation. He was Legal Counsel and Corporate Secretary for Xillix Technologies Corp. a cancer imaging company from 1993 until 2000 and was Vice President Legal and Corporate Secretary of MDSI Mobile Data Solutions Inc. from 1996 to 2003. From 2006 to 2013 Mr. Beniston was employed by CHC Helicopter Group as Senior Legal Counsel.

Doug Wallis – A Chartered Accountant for over 30 years, Doug Wallis specializes in work with Canadian and US public companies. His work involves everything from assisting in the structure of initial public offerings to comprehensive audit services. Mr. Wallis has extensive experience in accounting and the rules of professional conduct. As a former partner heavily involved in Professional Standards, he brings a commitment to integrity, professionalism and quality that permeates throughout the entire leadership team. Previously, Doug was the Director of Professional Advisory Services, Institute of Chartered Accountants of BC and a valued partner with Smythe Ratcliffe LLP, Doug is the Past Chairman of the Board for the Canadian Network for International Surgery (CNIS).

Wendi V. Rodriguez, PhD – Dr. Rodriguez brings years of drug development experience to the Board. From 1994 – 1998, she conducted post doctorate fellow studies at Thomas Jefferson University and The Medical College of Pennsylvania. Wendi received her Ph.D. from the University of British Columbia in 1994. From 1998 to 2003 she was employed by Esperion Therapeutics Inc. culminating in the position of Director, Product Development. Dr. Rodriguez was a co-inventor of the technology Esperion was founded on. Esperion was sold to Pfizer Global Research and Development for \$1.3 billion in 2003. For the last 10 years, she has been an expert scientific consultant to several companies including CuraGen Corporation, and Novartis Institute of Biomedical Research. She is currently the Chief Scientific Officer for ProNAi Therapeutics.

Orders, Penalties and Bankruptcies

To the knowledge of the Corporation and other than as set forth below, none of the foregoing nominees for director of the Corporation:

- (a) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a
- (b) director, CEO or CFO of any company (including the Corporation) that:
 - (i) was subject of a cease trade or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**order**") and that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO,
- (c) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Corporation), 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; or
- (d) has, within ten 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no nominee for director of the Corporation has been subject to: (a) 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 (b) any other 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.

D. APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of James Stafford Inc. Chartered Accountants, as auditors of the Corporation. James Stafford Inc. Chartered Accountants were first appointed auditors of the Corporation in 2014. Pursuant to the Articles of the Corporation, the Directors will set the remuneration of the auditors.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of James Stafford Inc., Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and the terms of their engagement, unless the shareholder has specified in a proxy that his, her or its Common Shares are to be withheld from voting in respect thereof.

E. APPROVAL OF 2014 STOCK OPTION PLAN

Approval of 2014 Stock Option Plan

The Policies of the CSE require all incentive stock option grants to be made pursuant to a stock option plan approved by the Corporation's Shareholders. The Corporation's Stock Option Plan is a "rolling" stock option plan pursuant to which directors, officers, employees and consultants of the Corporation are awarded options to purchase Shares (the "Options"). The 2013 Stock Option Plan was last approved by the Shareholders at the Corporation's previous annual and special meeting of the Shareholders held on August 14, 2013. Pursuant to the policies of the CSE, a "rolling" plan must receive yearly Shareholder approval. The Stock Option Plan is identical to the one previously approved by Shareholders. Accordingly, Shareholders are being asked to approve the current Option Plan known as the "2014 Stock Option Plan" or the "Plan" in accordance with policies of CSE.

The 2014 Stock Option Plan has been established to advance the interests of the Corporation or any of its subsidiaries and affiliates by encouraging the directors, officers, employees and consultants of the Corporation, or any of its subsidiaries or affiliates, to acquire Shares thereby increasing their proprietary interest in the Corporation, encouraging them to remain with the Corporation, or its subsidiaries or affiliates, and providing them with additional incentive in the conduct of their affairs for and on behalf of the Corporation, its subsidiaries and affiliates.

A full copy of the 2014 Stock Option Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the Plan from the Corporation prior to the Meeting on written request. The following is a summary of the material terms of the Plan:

Details of the Plan

Some key provisions of the 2014 Stock Option Plan are as follows:

- (a) The aggregate number of Shares reserved for issuance under the Plan must not exceed 10% of outstanding Shares (on a non-diluted basis). The Shares in respect of which Options are not exercised shall be available for subsequent Option grants. No fractional shares may be purchased or issued thereunder;
- (b) the aggregate number of Shares reserved for issuance under the Plan and granted to any one person within a 12 month period may not exceed 5% of the outstanding Shares;
- (c) the issuance of Shares to insiders pursuant to the Plan within a 12 month period may not exceed 10% of the outstanding Shares;
- (d) the issuance of Shares to any one insider and such insider's associates pursuant to the Plan within a 12 month period may not exceed 10% of the outstanding Shares;
- (e) the issuance of Shares to any one Consultant (as such term is defined in the Canadian Securities Exchange Corporate Finance Manual) pursuant to the Plan within a one year period may not exceed 2% of the outstanding Shares.

In the event of a participant ceasing to be a director, officer or employee of the Corporation or a subsidiary of the Corporation for any reason other than death, including the resignation or retirement of the participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the participant, prior to the expiry time of an Option, such Option, if vested, shall cease and terminate on the Ninetieth (90th) day following the effective date of such resignation or termination. In the event of the death of a participant on or prior to the expiry time of an Option, such Option, if vested, may be exercised as to such of the Shares in respect of which such Option has not previously been exercised (including in respect of the right to purchase Shares not otherwise vested at such time), by the legal personal representatives of the participant at any time up to and including (but not after) a date one year following the date of death of the participant provided that the Board may extend the date of termination for a period

ending up to twelve (12) months from the date of death of the participant or the expiry time of such Option, whichever occurs first.

Pursuant to the 2014 Stock Option Plan, the Corporation can, at any time, have a number of Options outstanding equal to up to 10% of the then outstanding number of Shares. In the event of the exercise or cancellation of any Options, the Corporation could make a further grant of Options, provided that the 10% maximum is not exceeded.

The text of the resolution ratifying and approving the 2014 Stock Option Plan is as follows, subject to any amendments, variations or additions as may be approved at the Meeting:

RESOLVED:

- (1) The Corporation's 2014 Stock Option Plan, is hereby approved, confirmed and ratified.
- (2) Any officer or director of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing resolution.

To be approved, the affirmative vote of a majority of the votes cast on the resolution is required. The Board recommends that Shareholders vote FOR the ratification and approval of the 2014 Stock Option Plan. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.

OTHER BUSINESS

While management of the Corporation is not aware of any business other than that mentioned in the Notice of Meeting to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation, Philosophy and Objectives

On April 9, 2010, the Corporation established a Compensation Committee. The Compensation Committee is composed of three directors, namely Douglas Unwin, Douglas Wallis and M. Greg Beniston who is the chair of the Compensation Committee. The general mandate of the Compensation Committee is to examine matters relating to the compensation of the directors and executive officers of the Corporation with respect to (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Corporation for the provision of

compensation. In accordance with the mandate, the Compensation Committee meets to discuss and determine the recommendations that it will make to the Board of Directors (“Board”) regarding director and executive compensation based on a review of the performance of the directors and executive officers and without reference to formal objectives, criteria or analysis. The general objectives of the Corporation’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; (c) provide a compensation package that is commensurate with other development stage specialty pharmaceutical companies to enable the Corporation to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Corporation is under by virtue of the fact that it is a development stage specialty pharmaceutical company without a history of earnings.

The Board, upon the recommendation of the Compensation Committee, ensures that total compensation paid to all Named Executive Officers (“NEOs”), as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers, directors and consultants with other junior companies in assessing compensation levels.

The principal elements of the executive officers’ compensation consists of base salary and long-term incentive awards (stock options). Base salary is used to provide Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Corporation.

The Corporation considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Corporation to reward each Named Executive Officer’s efforts to increase value for shareholders without requiring the Corporation to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Corporation’s stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Corporation’s 2013 Stock Option Plan (until superseded by the 2014 Stock Option Plan once approved by its shareholders and hence all references to the 2013 Stock Option Plan also include the 2014 Stock Option Plan, as applicable).

Long Term Compensation and Option Based Awards

The Corporation has no long-term incentive plans other than the 2013 Stock Option Plan. The Corporation’s directors and officers and certain consultants are entitled to participate in the 2013 Stock Option Plan. The 2013 Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the 2013 Stock Option Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation’s common shares.

Stock options are recommended by the Compensation Committee. In monitoring or adjusting the option allotments, the Compensation Committee and the Board take 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 NEO’s and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- parties who are entitled to participate in the 2013 Plan;
- the exercise price for each stock option granted, subject to the provision the exercise price of any option must not be less than the greater of the closing market price of the underlying security on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options as permitted by the rules of the CSE.
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and

- any re-pricing or amendment to a stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the proposed 2014 Stock Option Plan. The Compensation Committee and the Board of Directors reviews and approves grants of options on an annual basis and periodically during a financial year. The Corporation used the Black-Scholes option pricing model for calculating the fair value of options granted. The Black-Scholes model is commonly used by junior public companies.

Set out below are particulars of compensation paid to the following persons (the “Named Executive Officers” or “NEOs”)

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

COMPENSATION OF EXECUTIVE OFFICERS

Summary Compensation Table for Named Executive Officers

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal years ended December 31, 2013, 2012 and 2011 to the Corporation’s Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”). Collectively the CEO and CFO are referred to as the “Named Executive Officers”

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Share-based awards (\$)	Option-based awards (\$ ⁽⁴⁾)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
Douglas H. Unwin, CEO	2013	155,000	NIL	16,411	NIL	NIL	NIL	NIL	165,941
	2012	101,000	NIL	NIL	NIL	NIL	NIL	NIL	101,000
	2011	112,000	NIL	NIL	NIL	NIL	NIL	NIL	112,000
Derick Sinclair CFO	2013	40,000	NIL	10,941	NIL	NIL	NIL	NIL	51,411
	2012	18,000	NIL	NIL	NIL	NIL	NIL	NIL	18,000
	2011	24,000	NIL	NIL	NIL	NIL	NIL	NIL	24,000

Notes:

- Perquisites and other personal benefits, securities or property that do not in the aggregate exceed the lesser of \$50,000 and 10% of the total of the annual salary and bonus for the Named Executive Officers for the financial year, if any, are not disclosed.

The Corporation does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or in connection with, any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO’s responsibilities.

Incentive Plan Awards for Named Executive Officers

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards for each Named Executive Officer that were granted before, and remain outstanding as of the most recently completed fiscal year ended December 31, 2013.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾
Douglas H. Unwin CEO	150,000	0.10	December 21, 2017	0.00
	75,000	0.10	July 3, 2017	0.00
	375,000	0.27	March 5, 2015	0.00
	100,000	0.10	April 4, 2018	0.00
	100,000	0.10	March 3, 2019	0.00
	500,000	0.06	June 11, 2015	0.00
Derick Sinclair CFO	150,000	0.10	December 21, 2017	0.00
	100,000	0.10	April 4, 2018	0.00
	100,000	0.10	March 3, 2019	0.00

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Option Plan.
(2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of the Shares underlying the options as at December 31, 2013, the last closing price prior to the Corporation's year end, which was \$0.08 and the exercise price of the option.
(3) The Corporation does not have any share-based incentive compensation plans outstanding.

Incentive Plan Awards Value Vested or Earned During the Fiscal Year Ended December 31, 2013

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 (\$)
Doug H Unwin	Nil	N/A	N/A
Derick Sinclair	Nil	N/A	N/A

Notes:

- (1) All of these options vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates.

Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or directors.

Termination and Change of Control Benefits

The Corporation does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities other than as part of his Employment Agreement the Corporation entered into with Mr. Unwin effective as of January 1, 2010. This is the only change of control agreement the Corporation has entered into. In the event of a potential change in control and until twelve (12) months after a change in control, unless Mr. Unwin terminates his employment with the Corporation for good reason, Mr. Unwin will continue to diligently carry out his duties and

obligations under his employment agreement. If within twelve (12) months following a change of control of the Corporation, Mr. Unwin terminates his employment for good reason, or the issuer terminates his employment other than for cause, the Corporation is obligated to pay to Mr. Unwin a lump sum equal to twelve (12) months of his then current base salary plus other sums owed for arrears of salary, vacation pay and any performance bonus. In such case, the Corporation is also obligated to maintain Mr. Unwin's benefits for the twelve (12) month period and his unvested stock options will immediately vest.

COMPENSATION OF DIRECTORS

Summary Compensation Table for Directors

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Corporation other than the Named Executive Officers, during the fiscal year ended December 31 2013. For details of the compensation for the Named Executive Officers who are also directors of the Corporation, see disclosure in "Summary Compensation Table for Named Executive Officers".

Name	Fees earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$) ⁽⁴⁾	Pension value (\$)	All other compensation (\$)	Total (\$)
M Greg Beniston	Nil	Nil	5,471	Nil	Nil	7,600	13,071
Wendi Rodriguez	Nil	Nil	5,471	Nil	Nil	Nil	Nil
Doug Wallis	Nil	Nil	5,471	Nil	Nil	Nil	5,471

Notes:

- (1) The Corporation does not have any current plans for the payment of fees to Corporation directors.
(2) The Corporation does not have any share-based incentive compensation plans outstanding.
(3) The option values were estimated using the Black-Scholes option pricing model.
(4) The Corporation does not have any non-equity incentive compensation plans outstanding.

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the CSE.

Incentive Plan Awards for Directors

Outstanding Share – Based Awards and Option-Based Awards

Name	Option-based Awards ⁽¹⁾				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)
M Greg Beniston	75,000	0.10	July 3, 2017	Nil	Nil	Nil
	150,000	0.10	December 21, 2017			
	50,000	0.10	April 4, 2018			
	200,000	0.10	March 3, 2019			
Wendi Rodriguez	150,000	0.27	November 4, 2014	Nil	Nil	Nil
	50,000	0.10	April 4, 2018			
	50,000	0.10	March 3, 2019			
Doug Wallis	100,000	0.10	July 3, 2017	Nil	Nil	Nil
	50,000	0.10	April 4, 2018			
	50,000	0.10	March 3, 2019			

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Incentive Option Plan.
(2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of the Shares underlying the options as at December 31, 2013, the last closing price prior to the Corporation's year end, which was \$0.08 and the exercise price of the option.
(3) The Corporation does not have any share-based incentive compensation plans outstanding.

Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended December 31, 2013

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 (\$)
M Greg Beniston	Nil	N/A	N/A
Wendi Rodriguez	Nil	N/A	N/A
Doug Wallis	Nil	N/A	N/A

Notes:

- (1) All of these options vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER THE EQUITY COMPENSATION PLAN

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at August 18, 2014 with respect to the Stock Option Plan, which is the only compensation plan under which equity securities of the Corporation are authorized for issuance to employees or non-employees such as directors and consultants. For further information regarding the Incentive Stock Option Plan, please see "Part II – Information Concerning the Issuer – Option Plan".

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,325,000	N/A	420,682
Equity compensation plans not approved by securityholders	N/A	Nil	N/A
Total	3,325,000	Nil	420,682

CORPORATE GOVERNANCE AND OTHER MATTERS

BOARD OF DIRECTORS

There are currently four (4) directors of the Corporation:

Mr. Douglas Unwin
Dr. Wendi Rodriguez

Mr. Doug Wallis
Mr. M Greg Beniston

CSE policies require an issuer to have at least two independent directors. Three of the four directors of the Corporation are independent. Mr. Doug Wallis, Dr. Wendi Rodriguez and Mr. M Greg Beniston are considered to be independent directors since they are independent of management and free from any material relationship with the Corporation. Mr. Douglas Unwin, is not considered to be "independent" as a result of his current positions as an officer or other material relationships with the Corporation.

To facilitate the directors of the Corporation functioning independent of management, where appropriate, during regularly scheduled meetings, non-independent directors and members of management are excluded from certain discussions.

DIRECTORSHIPS

The following directors of the Corporation are also directors of other reporting issuers (or the equivalent) as set forth below:

Director	Other Reporting Issuers
Douglas H Unwin	Nil
M Greg Beniston	Nil
Wendi Rodriguez	Nil
Douglas Wallis	Nil

ORIENTATION AND CONTINUING EDUCATION

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Corporation's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

ETHICAL BUSINESS CONDUCT

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility.

In addition, some of the directors of the Corporation also serve as directors and officers of other companies, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

NOMINATION OF DIRECTORS

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are not specific criteria for board membership, the Corporation attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Corporation.

COMPENSATION

The Corporation established a formal compensation committee in April 2010. The committee reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Corporation.

BOARD COMMITTEES

Committees

Committees of the Board are an integral part of the Corporation's governance structure. At the present time, the only standing committees are the Audit and Compensation Committees. Please see the table under the heading "Election of Directors" in this Circular for disclosure of the membership of each committee.

The Committees of the Board of Directors is responsible for: (i) developing and recommending to the Board a set of corporate governance principles applicable to the Corporation to ensure that the Corporation's corporate governance system is effective in discharge of its obligations to the Corporation's stakeholders; (ii) identifying individuals qualified

to become new Board members and to recommend to the Board new director nominees from time to time; (iii) establishing and administering a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole and the committees of the Board; (iv) assisting the Board in overseeing the process of evaluation of the Board, its committees and individual directors; (v) establishing, administering and evaluating the compensation philosophy, policies and plans for non-employee directors and executive officers; (vi) ensuring that the Corporation has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management; and (vii) making recommendations to the Board regarding director and executive compensation based on a review of the performance of the directors and executive officers.

ASSESSMENTS

The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or, at any time during the most recently completed financial year, was a director or executive officer of the Corporation, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the last completed financial year, was indebted to the Corporation or any of its subsidiaries.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. An "**informed person**" means: (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation; (ii) any person or Corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; (iii) a director or officer of a Corporation that is itself an informed person of the Corporation or of a subsidiary of the Corporation or (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation's last fiscal year.

Audit Committee

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The Audit Committee is comprised of the following members of the Board:

Name	Independent	Financial Literacy
Douglas Unwin	No ⁽¹⁾	Yes
M. Greg Beniston	Yes	Yes
Douglas Wallis	Yes	Yes

⁽¹⁾ Mr. Unwin is the Chief Executive Officer of the Corporation and as such is not considered independent pursuant to NI 52-110. The Audit Committee does not believe that his position materially affects the Audit Committee's independence from management of the Corporation.

Relevant Education and Experience

In addition to each member's general business experience, the following describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities:

Douglas H. Unwin, B.Sc., MBA

Mr. Unwin is an experienced executive with 18 years of diverse experience. As part of his course work related to obtaining his Master of Business Administration (University of Saskatchewan, 1985) Mr. Unwin completed graduate level courses in financial accounting, cost accounting and management accounting. These courses provided him with the skills required to keep accounting records and analyze completed financial statements as well as apply accounting principles for estimates, accruals and provisions. As an employee of an international accounting firm Mr. Unwin assisted in the development of accounting systems for government, oil and gas exploration and development and mining. In order to develop these systems Mr. Unwin completed numerous in-house courses providing him with a strong understanding of the accounting principles required for a Corporation to produce its financial statements and control its accounting records. Mr. Unwin was an Associate with Neuro Discovery Inc., a venture capital Corporation focused on investing in development of drugs for neurological disorders. During his tenure, Mr. Unwin reviewed numerous business plans, analyzed financial statements, completed due diligence assignments and assisted in the structuring of investments. Part of the due diligence process always included an analysis of the potential investees internal controls.

M Greg Beniston, BA, LLB

Mr. Beniston has a Bachelor of Arts (Honors) degree with a major in Commerce from Simon Fraser University (1979) and a Bachelor of Laws degree from the University of British Columbia (1987).

Since 1993, he has been employed as in-house counsel for several privately-held and public companies on the TSX, Nasdaq and NYSE, including serving as corporate secretary. During this tenure, he has worked closely with CFOs and other senior accounting professionals in these organizations and has a good working knowledge of the typical accounting issues faced by organizations and their continuous disclosure requirements, including internal controls, accruals and provisions, taxation, officer certifications, functions of audit committees, records retention, accounting standards, management discussion and analysis, and auditor independence. Mr. Beniston has also been involved with the Corporation as either a director or officer since its inception in 2005 and has an in-depth knowledge of the complexity of each of its business transactions.

Douglas Wallis, CA

A Chartered Accountant for over thirty (30) years, Doug Wallis specializes in work with Canadian and US public companies. This work involves everything from assisting in the structure of initial public offerings to comprehensive audit services. Mr. Wallis extensive experience in accounting and the rules of professional conduct. Previously, Mr. Wallis served as a partner at Smyth Radcliff LLP and as the Director of Professional Advisory Services for the Institute of Chartered Accountants of BC.

Reliance on Certain Exemptions

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's Board, and where applicable the audit committee, on a case-by-case basis

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Corporation to its auditor for the last three (3) fiscal years ended December 31, 2013, 2012 and 2011

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2013	\$ 24,480	\$ 8,500	\$3,576	\$ -
2012	\$ 24,500	\$ 900	\$ 2,400	\$ -
2011	\$ 14,000	\$ 35,150	\$ 0	\$ -

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be obtained from the Corporation's website at www.pacifictherapeutics.com or by accessing the Corporation's profile on SEDAR at www.sedar.com. Shareholders may contact the Corporation at 1500 - 409 Granville Street Vancouver, BC V6C 1T2 to request copies of the Corporation's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Corporation's financial statements and management's discussion and analysis for its most recently completed financial year.

APPROVAL

The contents and the sending of this Circular have been approved by the Board.

DATED at Vancouver, British Columbia this 20th day of August, 2014.

By Order of the Board of Directors
of **PACIFIC THERAPEUTICS LTD.**

/s/ Doug Unwin

Doug Unwin

President and CEO

Schedule "A"

Pacific Therapeutics Ltd. (the "Corporation")

AUDIT COMMITTEE CHARTER

I PURPOSE

The Audit Committee (the "Committee") will consist of a majority of independent directors and is appointed by the Board of Directors (the "Board") of Pacific Therapeutics Ltd. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "Independent Auditors"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Canadian Securities Exchange ("CSE"), the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.

2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

3. Each member of the Committee shall be “financially literate” (as defined by applicable securities laws and regulations).

4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With

respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.

4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.