

## PHARMADRUG INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

**NOTICE** is hereby given that the annual general and special meeting (the “**Meeting**”) of **PHARMADRUG INC.** (the “**Company**”), will be held at the offices of the Company at Suite 2905 – 77 King Street West, Toronto, Ontario M5K 1H1 on October 13, 2023, at 10:00 a.m. (Toronto time).

1. To receive and consider the audited consolidated financial statements for the financial year ended December 31, 2022, together with the auditor's report thereon;
2. To fix the number of directors of the Company at five (5);
3. To elect directors to hold office until the next annual general meeting of the Company;
4. To re-appoint Clearhouse LLP, as auditor of the Company, to hold office until the next annual general meeting at a remuneration to be fixed by the directors;
5. To consider, and, if deemed advisable, approve, with or without variation, by ordinary resolution, the unallocated options, rights and other entitlements under the Company’s stock option plan in accordance with the policies of the Canadian Securities Exchange
6. To consider, and, if deemed appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Company to consolidate the issued and outstanding common shares of the Company at a ratio of one post-consolidation Share for up to every ten pre-consolidation Shares, as more fully described in the management information circular accompanying this notice (the “**Consolidation Resolution**”); and
7. To transact such other business as may properly be transacted at such meeting or at any adjournment thereof.

The accompanying management proxy circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

The Consolidation Resolution must be approved by not less than two-thirds of the votes cast by shareholders present in person or represented by proxy at the Meeting. The approval of each of the other matters referenced above must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting.

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: <https://www.Pharmadrug.ca> (the “**Website**”). The use of this alternative means delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company’s printing and mailing costs. The Meeting materials will be available on the Website as of the day of mailing, which is currently scheduled for September 13, 2023, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead, all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access, please call 1-844-499-4482. In order to receive a paper copy in time to vote before the meeting, your request should be received by October 1, 2023.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is August 29, 2023, (the “**Record Date**”). Shareholders whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

DATED at Toronto, Ontario, this 29<sup>th</sup> day of August, 2023.

*“Daniel Cohen”*

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Daniel Cohen  
Chief Executive Officer

**PHARMADRUG INC.**  
Suite 2905 – 77 King Street West  
Toronto, Ontario M5K 1H1  
Tel: (416) 840-3798

## **INFORMATION CIRCULAR**

(containing information as at August 29<sup>th</sup>, 2023, unless otherwise stated)

### **SOLICITATION OF PROXIES**

**This Information Circular (this “Circular”)** is furnished in connection with the solicitation of proxies by the management (the “Management”) of PHARMADRUG INC. (the “Company”), for use at the annual general and special meeting (the “Meeting”) of the shareholders (the “Shareholders”) of the Company to be held on **October 13, 2023, at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof.** The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

Management does not intend to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* this Circular and related Meeting materials, and in the case of an objecting beneficial owner, the objecting beneficial owner will not receive these materials unless the objecting beneficial owner’s intermediary assumes the cost of delivery.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed proxy (the “Proxy”) are directors and/or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for and on behalf of the Shareholder at the Meeting other than the persons named in the enclosed Proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the enclosed Proxy and insert the name of the Shareholder’s nominee in the blank space provided or complete another instrument of proxy.**

A proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer. A proxy will not be valid unless it is deposited with the Company’s registrar and transfer agent, Capital Transfer Agency (“**Capital Transfer**”), at 390 Bay Street, Suite 920 Toronto, Ontario, M5H 2Y2, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or adjournment thereof.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer, and deposited with Capital Transfer at the address indicated in the preceding paragraph, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the persons named in the enclosed Proxy will do so in accordance with such direction. **In the absence of any instruction in a proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.**

The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the enclosed Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a “**Special Resolution**”, in which case a majority of not less than two thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares held by Shareholders of the Company who are also “insiders”, as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

## **NOTICE AND ACCESS**

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: <https://www.Pharmadrug.ca> (the “**Website**”). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company’s printing and mailing costs. The Meeting materials will be available on the Website as of the day of mailing, which is currently scheduled for September 13, 2023, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead, all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access, please call 1-844-499-4482. In order to receive a paper copy in time to vote before the meeting, your request should be received by October 1, 2023.

The Company will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Company does not intend to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting beneficial owners under National Instrument 54-101. Objecting beneficial owners will not receive the materials unless the objecting beneficial owner’s intermediary assumes the cost of delivery.

## **ADVICE TO BENEFICIAL SHAREHOLDERS**

Subject to applicable laws, the only shareholders entitled to vote at the Meeting are those whose names have been entered into the Company’s register as holders of common shares (each, a “**Registered Shareholder**”). However, the shares of the majority of the Company’s shareholders are not held in their own name, but rather are registered in the name of nominee accounts (the “**Non-Registered Shareholders**”), usually The Canadian Depository for Securities Limited (“**CDS**”). CDS acts as clearing agent for brokers and other intermediaries (the “**Intermediaries**”) who, in turn, act on behalf of the holders of the Company’s shares.

As a result, Non-Registered Shareholders can only exercise their rights as beneficial owners of voting shares through CDS or a participant in the CDS depository service. This means that in order for Non-Registered Shareholders to exercise their rights to vote their shares at the Meeting, they must provide voting instructions to the appropriate person.

**If Non-Registered Shareholders wish to vote their shares, they must carefully review and follow the voting instructions provided by their Intermediary.**

### *Delivery of Voting Instructions by Non-Registered Shareholders*

Applicable regulatory policies require Intermediaries to seek voting instructions from Non-Registered Shareholders in advance of shareholder meetings. Each Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure their shares are voted at the Meeting. Generally, Non-Registered Shareholders who receive meeting materials will be given either:

- (a) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of the Company’s shares beneficially owned by the Non-Registered Shareholder, but which is otherwise not completed. This form of proxy need not be signed by the Non-Registered Shareholder. In this case, the Non-Registered Shareholder who wishes to submit a proxy should complete the rest of the form of proxy and deliver the proxy in accordance with the instructions provided by the Intermediary; or
- (b) a voting instruction form which must be completed and signed by the Non-Registered Shareholder in accordance with the directions on the voting instruction form and returned to the Intermediary or its service company. In some cases, the completion of the voting instruction form by telephone, the internet or facsimile is permitted.

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares that they beneficially own. These procedures do not permit a Non-Registered Shareholder to vote shares in person at the Meeting.

### *Voting in Person by Non-Registered Shareholders*

A Non-Registered Shareholder who receives a form of proxy or a voting instruction form and wishes to vote at the Meeting in person should, in the case of a form of proxy, strike out the names of the persons designated in the form of proxy and insert the Non-Registered Shareholder’s name in the blank space provided or, in the case of a voting instruction form, follow the

corresponding directions on the form. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, none of:

- (a) the directors or executive officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the re-approval of the stock option plan (the "**Option Plan**").

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company's authorized capital consists of an unlimited number of common shares ("**Common Shares**") without par value, each share carrying the right to one vote, of which 360,626,346 Common Shares are issued and outstanding as at August 29, 2023 (the "**Record Date**"). The Company has no other classes of shares.

Any Shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder's shares voted at the Meeting.

To the best of the knowledge of the directors and senior officers of the Company, no person holds, directly or indirectly, or exercises control or direction, over more than 10% of the issued and outstanding Common Shares of the Company.

### **STATEMENT OF EXECUTIVE COMPENSATION**

Securities laws require that a "Statement of Executive Compensation" in accordance with Form 51-102F6 be included in this Information Circular. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers. Form 51-102F6 provides that compensation disclosure must be provided for the Chief Executive Officer and the Chief Financial Officer of an issuer and each of the three most highly compensated executive officers whose total compensation exceeds \$150,000 at the end of the most recently completed financial year (December 31, 2022). Based on those requirements, the executive officers of the Company for whom disclosure is required under Form 51-102F6 are Mr. Daniel Cohen, its Chief Executive Officer ("**CEO**") (appointed August 16, 2018); Mr. Keith Li, its Chief Financial Officer ("**CFO**"), (appointed December 11, 2017), and Mr. Paul Van Slyke its Chief Scientific Officer ("**CSO**") (appointed May 1, 2021, resigned April 24, 2023); and such individuals are collectively referred to as the "Named Executive Officers".

### **Definitions**

For the purpose of this Information Circular:

- (i) "**CEO**" means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (ii) "**CFO**" means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (iii) "**CSO**" means an individual who acted as chief scientific officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (iv) "**closing market price**" means the price at which the company's security was last sold, on the applicable date,
  - (i) in the security's principal marketplace in Canada, or
  - (ii) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

- (v) “**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;
- (vi) “**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of Section 3870 of the Handbook;
- (vii) “**grant date**” means a date determined for financial statement reporting purposes under Section 3870 of the Handbook;
- (viii) “**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;
- (ix) “**NEO**” or “**named executive officer**” means each of the following individuals:
  - (i) a CEO;
  - (ii) a CFO;
  - (iii) each of the 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, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
  - (iv) each individual who would be a NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;
- (x) “**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features;
- (xi) “**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons; and
- (xii) “**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **Compensation Discussion and Analysis**

### ***NEO Compensation Discussion and Analysis***

The objective of the Company’s compensation strategy is to provide adequate levels of base compensation for its NEOs as well as discretionary bonuses to act as incentive mechanisms for achieving corporate goals and objectives. Each NEO receives a base salary in recognition of the position’s day-to-day duties and responsibilities, which constitutes the largest share of the NEO’s compensation package.

The objective of the Company’s executive compensation program and strategy is to attract, retain, and motivate talented executives and provide incentives for executives to create sustainable shareholder value over the long term. To achieve this objective, executive compensation is designed based on the following principles:

- To align with the Company’s business - reflect the Company’s past performance and current state of development; to be commensurate with the Company’s financial ability to remunerate Named Executive Officers;
- To align to shareholder interests - align the interests of executives with those of shareholders through the use of awards which increase in value when shareholder value increases, and decline in value when the share price falls;
- Corporate governance - continually review and, as appropriate for the Company, adopt executive compensation practices that align to current market practices;
- Pay for performance - align with the Company’s desire to create a performance culture and create tangible relationships between pay and performance; and

- Pay competitively - reflect each Named Executive Officer's performance, expertise, responsibilities and length of service to the Company in their compensation; set overall target compensation to ensure it remains competitive.

The compensation committee (the "**Compensation Committee**") of the Company's Board of Directors (the "**Board**") has implemented a compensation regime that is designed to reflect the above objectives. Executive compensation consists of a combination of salary, annual performance bonus awards and longer-term equity-based incentives. Compensation for the NEOs consists of three components: a base salary or fee, cash-based incentive compensation and long-term incentive plans including the Company's Option Plan. Their compensation is designed to take into consideration the experience, responsibility and expected performance of each individual and the size of the Company's asset base. Option awards and the terms thereof for the CEO are determined by the Compensation Committee and option awards for all other employees, and the terms thereof, are based on recommendations made by the CEO and approved by the Compensation Committee and Board.

Given the nature of the Company's business and the size of the Company's management team, the Board does not believe that there are any material risks associated with the Company's compensation policies and practices.

### ***Option-Based Awards***

The Option Plan is used to attract, retain and incentivize qualified and experienced personnel. The Option Plan is an important part of the Company's long-term incentive strategy for its NEOs, as well as for its other directors, officers, other management, employees and consultants (collectively, "**eligible persons**"), permitting them to participate in any appreciation of the market value of the Company's common shares over a stated period of time. The Option Plan is designed to foster a proprietary interest in stock ownership, and to reinforce a commitment to the Company's long-term growth, performance and success as well as increasing shareholder value. The Board reviews the grant of stock options to NEOs from time to time, based on various factors such as the NEO's level of responsibility and role and importance in the Company achieving its corporate goals, objectives and prospects. Previous grants of options are taken into account when considering new grants of stock options to NEOs.

A summary of the material provisions of the Option Plan are as follows:

- the Option Plan reserves, for issue pursuant to stock options, a maximum number of common shares equal to 10% of the outstanding common shares of the Company from time to time, with no mandatory vesting provisions;
- the number of common shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding common shares at the time of grant without disinterested shareholder approval;
- the number of common shares reserved for issue to any consultant in any 12 month period under the Option Plan may not exceed 2% of the outstanding common shares at the time of grant;
- the aggregate number of common shares reserved for issue to any person conducting investor relations activities in any 12 month period under the Option Plan may not exceed 2% of the outstanding common shares at the time of grant;
- options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period;
- stock options may have a term not exceeding ten years;
- if a participant who is an officer, employee or consultant is terminated for cause, each Option held by such participant shall terminate upon such termination for cause. If a participant dies prior to otherwise ceasing to be an eligible person, each Option held by such participant shall terminate no later than the earlier of the expiry date and the date which is twelve months after the date of death, provided that the Board may, in its discretion, extend the date of such termination to a date not exceeding the earlier of the expiry date of the Option and the date that is twelve months after the participant's death. If a participant ceases to be an eligible person other than by death or termination for cause, each Option held by such participant shall terminate no later than the expiry date and the date which is 30 days after such event, provided that the Board may, in its discretion, extend the date of such termination to a date not exceeding the earlier of the expiry date of the Option and the date that is twelve months after the participant ceases to be an eligible person. If any portion of an Option is not vested at the time a participant ceases to be an eligible person, such unvested portion of the Option may not be exercised, provided that the Board may, in its discretion and subject to the approval of the Canadian Securities Exchange (the "**CSE**"), permit the participant to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates;

- stock options are non-assignable and non-transferable;
- the Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of stock options in the event of a share consolidation, split, reclassification or other relevant change in the common shares, or an amalgamation, merger or other relevant change in the Company’s corporate structure, or any other relevant change in the Company’s capitalization; and
- in connection with the exercise of an option, as a condition to such exercise, the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option.

The Company has no equity compensation plans other than the Option Plan.

### ***Use of Financial Instruments***

The Company does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including 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 the Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

### **NEO Summary Compensation Table**

The following table sets out certain information respecting the compensation paid to the NEOs during the three most recently completed financial year(s) in which they were acting in the capacity of a NEO.

Name and principal position  (a)	Year <sup>(1)</sup>  (b)	Salary <sup>(2)</sup> (\$)  (c)	Share based awards (\$)  (d)	Option based awards (\$)  (e)	Non-equity incentive plan compensation  (f)		Pension value  (g)	All other compensation  (h)	Total compensation  (i)
					Annual incentive plans  (f1)	Long-term incentive plans  (f2)			
					Daniel Cohen <sup>(2)(3)</sup> CEO	2022			
	2021	120,000	n/a	53,129 <sup>(7)</sup>	n/a	n/a	n/a	n/a	173,129
	2020	40,000	45,500 <sup>(6)</sup>	108,168 <sup>(9)</sup>	n/a	n/a	n/a	n/a	193,668
Keith Li <sup>(4)(5)</sup> CFO	2022	122,650	n/a	838 <sup>(7)</sup>	n/a	n/a	n/a	n/a	123,488
	2021	137,500	n/a	17,710 <sup>(7)</sup>	n/a	n/a	n/a	n/a	155,210
	2020	91,000	n/a	3,701 <sup>(9)</sup>	n/a	n/a	n/a	n/a	94,701
Paul Van Slyke <sup>(10)(11)</sup> CSO	2022	140,000	n/a	18,481 <sup>(8)</sup>	n/a	n/a	n/a	n/a	158,481
	2021	93,333	n/a	117,796 <sup>(8)</sup>	n/a	n/a	n/a	16,681	227,810
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes:**

- (1) Fiscal year ended December 31.
- (2) Mr. Cohen was appointed to the position of CEO on August 16, 2018
- (3) The Salary for Mr. Cohen is paid pursuant to an employment agreement.
- (4) Mr. Li was appointed to the position of CFO on December 11, 2017.
- (5) The Salary for Mr. Li is paid by Branson Corporate Services Ltd. (“Branson”) pursuant to the Branson Agreement (as defined below). See “Executive Compensation – Termination and Change of Control Benefits and Management Contracts.”
- (6) On August 30, 2020, the Company granted 1,300,000 common shares to an entity controlled by the CEO as compensation as stipulated by the consulting agreement with the Company. The fair market value of the shares based on the closing share price on the date of issuance was \$0.035 per share.
- (7) On February 4, 2021, the Company granted 750,000 options to the CEO and 250,000 option to the CFO with an exercise price of \$0.05 and an expiry date of February 4, 2026. The options vest one-third increments after three months, six months and 12 months until fully vested and were measured at fair value at the date of grant using the Black-Scholes valuation model (“Black-Scholes”) with the following assumptions: expected volatility of 132%, expected dividend yield of 0%, risk-free interest rate of 0.47% and an expected remaining life of 5 years.



- (8) On May 12, 2021, the Company granted 2,000,000 options to the CSO at an exercise price of \$0.09, expiring on May 12, 2026. 500,000 of the options vests immediately, 750,000 of the options vesting from six month and remaining 750,000 vesting 12 months from the date of issuance until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 131% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 0.97%, forfeiture rate of 0% and an expected life of five years.
- (9) On August 31, 2020, the Company granted 3,000,000 options to the CEO at an exercise price of \$0.05, expiring on August 31, 2025. The options vested immediately on grant. The Company also granted 250,000 options to the CFO at an exercise price of \$0.05 and an expiry date of August 31, 2025, of which the CFO received 250,000 options. These options vest in one-third increments after six months, 12 months and 18 months until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 126%, expected dividend yield of 0%, risk-free interest rate of 0.39% and an expected remaining life of five years.
- (10) Mr. Van Slyke was appointed to the position of CSO on May 1, 2021, and resigned April 24, 2023.
- (11) The salary for Mr. Van Slyke is paid pursuant to an employment agreement. Prior to the commencement of his employment on May 1, 2021, Mr. Van Slyke was a consultant from January 2021 to May 2021 and was paid \$16,681 for such period.

## NEO Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets out certain information respecting each NEO's share-based and option-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date dd/mm/yy (d)	Value of unexercised in-the-money-options <sup>(1)</sup> (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)	Market or payout value of vested share-based awards not paid out or distributed (\$) (h)
Daniel Cohen	3,000,000	0.05	31/08/25	105,000	n/a	n/a	n/a
	750,000	0.085	04/02/26	52,500	n/a	n/a	n/a
Keith Li	250,000	0.05	31/08/25	8,750	n/a	n/a	n/a
	250,000	0.085	04/02/26	17,500	n/a	n/a	n/a
Paul Van Slyke	2,000,000	0.09	12/05/26	150,000	n/a	n/a	n/a

Notes:

- (1) Based on the difference between the exercise price of the option and the closing market price of the Company's common shares on the Canadian Securities Exchange (the "Exchange") on the last day of the financial year ended December 30, 2022, being \$0.015.

### *Incentive Plan Awards – Value Vested Or Earned During The Year*

The following table sets out certain information respecting the value of each NEO's share-based and option-based awards that became vested or were earned during the most recently completed financial year.

Name	Option-based awards –Value vested during the year <sup>(1)</sup> (\$)	Share-based awards –Value vested during the year (\$)	Non-equity incentive plan compensation –Value earned during the year (\$)
Daniel Cohen	Nil	n/a	n/a
Keith Li	Nil	n/a	n/a
Paul Van Slyke	Nil	n/a	n/a

Notes:

- (1) For options that became vested during the financial year ended December 31, 2022, and were in-the-money on their vesting date, based on the difference between the exercise price of the option and the closing market price of the Company's common shares on the Exchange on the vesting date.

## **NEO Termination and Change of Control Benefits**

Other than as set forth below, there are no provisions in any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in the Company or a change in the NEO's responsibilities.

### *Daniel Cohen*

Daniel Cohen provides services to the Company pursuant to an employment agreement. Pursuant to the terms of the employment agreement if Mr. Cohen's employment is terminated by the Company for any reason other than just cause, Mr. Cohen is entitled to his annual salary and pro-rated bonus, if applicable, up to the date of termination. In addition, where Mr. Cohen's employment is terminated: (i) by the Company for any reason other than for just cause or death; (ii) by Mr. Cohen for good reason; or (iii) by Mr. Cohen with or without reason during the six month period immediately following a Control Change (as defined below), or (iv) by the Company, with or without reason, during the six month period immediately following a Control Change, Mr. Cohen is entitled to the following:

- (a) the Company shall pay to Mr. Cohen within 30 days after the date of termination an amount equal to six (6) months of his then annual salary plus one-half of the average of any bonus paid to Mr. Cohen for the previous two years;
- (b) the Company shall continue, following the termination date, to provide Mr. Cohen with his employee benefits for a period of six months;
- (c) the six months referenced in section (a) and (b) above increase by one (1) month for each completed year of service from the date of the agreement to a maximum of twelve (12) months;
- (d) the Company shall pay to Mr. Cohen all outstanding and accrued regular and special vacation pay to the date of termination.

If Mr. Cohen's employment had been terminated following any of the above events at the end of the 2022 fiscal year the Company would have been required to pay an amount of \$90,000 plus applicable taxes.

For the purposes of the foregoing "Control Change" means the occurrence of any of the following events: (a) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Company or all or substantially all of the assets of its subsidiaries, taken as a whole, other than to: (i) a corporation and/or other person, and/or group of corporations and/or persons which include, directly or indirectly, the applicable executive, or (ii) an affiliate of the Company; (b) the approval by the shareholders of the Company, and the subsequent implementation, of: (i) a plan of liquidation of the Company; (ii) an agreement providing for the combination, merger, amalgamation or consolidation of the Company, other than a combination, merger, amalgamation or consolidation in which (A) the holders of the voting securities of the Company immediately prior to the combination, merger, amalgamation or consolidation have, directly or indirectly, at least 60% of the voting securities of the continuing or surviving corporation immediately after such combination, merger, amalgamation or consolidation, or (B) the board immediately prior to the combination, merger, amalgamation or consolidation would, immediately after the combination, merger, amalgamation or consolidation constitute a majority of the board of directors of the continuing or surviving corporation; or (iii) an agreement or agreements providing for the sale or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; (c) if any person (which for all purposes hereof, shall include, without limitation, an individual, sole proprietorship, partnership, association, syndicate, organization, trust, body corporate, and any trustee, executor, administrator, or other legal representative), or any group of two or more persons acting jointly or in concert (whether by means of a shareholder agreement or otherwise), or any person associated or affiliated with any such person or group within the meaning of the *Business Corporations Act* (Ontario), becomes the beneficial owner, directly or indirectly, of: (i) more than 33% of the voting securities of the Company (voting securities being securities carrying the right to vote for the board); or (ii) any combination of voting securities and convertible securities representing more than 33% of the combined total number of voting securities and convertible securities of the Company, or, in the case of each of (i) or (ii) herein, of any successor to the Company in any manner whatsoever, including, without limitation, as a result of take-over bid, reorganization of capital, conversion, share exchange, plan of arrangement, merger, amalgamation, or other combination of the Company with any other entity; (d) any change in the composition of the board occurring at a single meeting of the shareholders of the Company or pursuant to a resolution of the Company's shareholders such that the members of the board prior to such meeting or such shareholders resolution cease to constitute a majority of the board thereafter; or (e) the adoption by the board of a resolution to the effect that a Control Change has occurred.

## Director Compensation Table

The following table sets out certain information respecting the compensation paid to directors of the Company who were not NEOs during the Company's most recently completed financial year.

Name (a)	Fees earned (\$) (b)	Share-based awards (\$) (c)	Option-based awards <sup>(1)</sup> (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Al Quong	n/a	n/a	1,931	n/a	n/a	n/a	1,931
Robert Schwartz <sup>(2)</sup>	n/a	n/a	584	n/a	n/a	n/a	584
Paul McClory	n/a	n/a	1,677	n/a	n/a	n/a	1,677
Michael Forbes	n/a	n/a	2,184	n/a	n/a	n/a	2,184
Nikolai Vassev	n/a	n/a	1,677	n/a	n/a	n/a	1,677
David Kideckel	n/a	n/a	12,601	n/a	n/a	n/a	12,601

Notes:

(1) On February 4, 2021, the Company granted 4,250,000 options to various officers and directors with an exercise price of \$0.05 and an expiry date of February 4, 2026. The options vest one-third increments after three months, six months and 12 months until fully vested and were measured at fair value at the date of grant using the Black-Scholes valuation model with the following assumptions: expected volatility of 132%, expected dividend yield of 0%, risk-free interest rate of 0.47% and an expected remaining life of 5 years.

(2) Robert Schwartz resigned on January 13, 2022.

## Share-based Awards, Option-based Awards and Non-equity Incentive Plan Compensation

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets out certain information respecting share-based and option-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date dd/mm/yy (d)	Value of unexercised in-the-money options <sup>(1)</sup> (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)	Market or payout value of vested share-based awards not paid out or distributed (\$) (h)
Al Quong	750,000	0.05	31/08/25	26,250	n/a	n/a	n/a
	500,000	0.085	04/02/26	35,000	n/a	n/a	n/a
Robert Schwartz <sup>(2)</sup>	500,000	0.05	31/08/25	17,500	n/a	n/a	n/a
	500,000	0.085	04/02/26	35,000	n/a	n/a	n/a
Paul McClory	500,000	0.05	31/08/25	17,500	n/a	n/a	n/a
	500,000	0.085	04/02/26	35,000	n/a	n/a	n/a
Michael Forbes	1,000,000	0.05	31/08/25	35,000	n/a	n/a	n/a

Name (a)	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date dd/mm/yy (d)	Value of unexercised in-the-money options <sup>(1)</sup> (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)	Market or payout value of vested share-based awards not paid out or distributed (\$) (h)
	500,000	0.085	04/02/26	35,000	n/a	n/a	n/a
Nikolai Vassev	500,000	0.05	31/08/25	17,500	n/a	n/a	n/a
	500,000	0.085	04/02/26	35,000	n/a	n/a	n/a
David Kideckel	750,000	0.06	30/08/26	33,750	n/a	n/a	n/a

Notes:

- (1) Based on the difference between the exercise price of the option and the closing market price of the Company's common shares on the Exchange on the last day of the financial year ended December 30, 2022, being \$0.015.
- (2) Robert Schwartz resigned on January 13, 2022.

### ***Incentive Plan Awards – Value Vested Or Earned During The Year***

The following table sets out certain information respecting the value of share-based and option-based awards that became vested or were earned during the most recently completed financial year, for the directors of the Company who were not NEO's.

Name	Option-based awards –Value vested during the year <sup>(1)</sup> (\$)	Share-based awards –Value vested during the year (\$)	Non-equity incentive plan compensation –Value earned during the year (\$)
Al Quong	Nil	n/a	n/a
Robert Schwartz <sup>(2)</sup>	Nil	n/a	n/a
Paul McClory	Nil	n/a	n/a
Michael Forbes	Nil	n/a	n/a
Nikolai Vassev	Nil	n/a	n/a
David Kideckel	Nil	n/a	n/a

(1) For options that became vested during the financial year ended December 31, 2022 and were in-the-money on their vesting date, based on the difference between the exercise price of the option and the closing market price of the Company's common shares on the Exchange on the vesting date.

(2) Robert Schwartz resigned on January 13, 2022.

### **AUDIT COMMITTEE DISCLOSURE**

The charter of the Company's audit committee and the other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as Schedule "A".

### **CORPORATE GOVERNANCE DISCLOSURE**

The information required to be disclosed by National Instrument 58-101 - *Disclosure of Corporate Governance Practices* is attached to this information circular as Schedule "B".

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION**

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2022:

### **Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b>  (a)	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b> <b>(\$)</b>  (b)	<b>Number of securities remaining available for future issuance under equity compensation plans<sup>(1)</sup></b> <b>(excluding those in column (a))</b>  (c)
<b>Equity compensation plans approved by securityholders<sup>(2)</sup></b>	24,850,000	0.07	11,712,635
<b>Equity compensation plans not approved by securityholders</b>	n/a	n/a	n/a
<b>TOTAL</b>	24,850,000	0.07	11,712,635

Notes:

(1) The foregoing information is presented as of December 31, 2022.

(2) Represents the Option Plan of the Company, which reserves a number of common shares equal to 10% of the then outstanding common shares from time to time, for issue pursuant to stock options.

For further information on the Option Plan, refer to the heading “*Compensation Discussion and Analysis – Option Based Awards.*”

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this information circular or “routine indebtedness” as defined in Form 51-102F5 of National Instrument 51-102 none of:

- the individuals who are, or at any time since the beginning of the last financial year of the Company were, a director or executive officer of the Company;
- the proposed nominees for election as a director of the Company; or
- any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any subsidiary of the Company, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary of the Company.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For purposes of the following discussion, “Informed Person” means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere herein or in the notes to the Company’s financial statements for the financial year ended December 31, 2022, none of:

- the Informed Persons of the Company;
- the proposed nominees for election as a Director of the Company; or

- any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

## **MANAGEMENT CONTRACTS**

### *Branson Agreement*

On December 11, 2017, Keith Li, residing in Markham, Ontario, was appointed the CFO of the Company, as the designated consultant to provide services of CFO through an agreement with Branson (the "**Branson Agreement**"). Pursuant to the Branson Agreement, Branson has agreed to provide a Chief Financial Officer, controllership and bookkeeping services, administrative services and general bank and back office services for a monthly fee of \$7,500 plus applicable taxes. Mr. Li is employed by Branson and is compensated by Branson. The Branson Agreement includes a confidentiality clause and a non-competition clause. On January 1, 2021, the fee was increased to \$10,000 per month and on July 1, 2022, was further amended to \$8,000 per month.

## **FINANCIAL STATEMENTS AND MEETING MATERIALS**

The audited consolidated financial statements of the Company as at and for the year ended December 31, 2022 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, together with the Auditor's Report thereon and the Company's Management's Discussion and Analysis (the "**MD&A**"), were mailed only to those Shareholders who are on the supplemental mailing list maintained by the Company's registrar and transfer agent. Copies of the Financial Statements, together with the Auditor's Report thereon and the Company's MD&A, Notice of Meeting, Information Circular and Proxy are available on the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca) and at the Company's office at Suite 2905, 77 King Street West, Toronto Ontario M5K 1H1.

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

### **I. Fixing the Number of Directors**

Shareholders will be asked to consider and, if deemed appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting to serve until the next annual meeting of the shareholders of the Company. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

The Board presently consists of six (6) directors. It is proposed that the number of directors for the ensuing year be set at five (5). Each director elected will hold office until the next annual meeting of shareholders of the Corporation, or until his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) or the Corporation's by-laws. Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution fixing the number of directors of the Corporation to be elected at the Meeting at five (5). In order for the following resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote at the Meeting, either in person or by proxy. **The persons designated as proxyholders in the accompanying proxy (absent contrary directions) intend to vote FOR fixing the number of directors as set forth below and therein.**

The complete text of the ordinary resolution which management intends to place before the Meeting is as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Company that subject to the provisions relating to subsequent appointments by the Board, the number of directors of the Corporation to be elected to serve until the next annual meeting of the shareholders of the Company, is hereby, fixed at five (5)."

### **II. Election of Directors**

Although management is nominating five (5) individuals to stand for election, the names of further nominees for director may come from the floor at the Meeting. Management does not contemplate that any of the management nominees will be unable to serve as a director. **The persons named in the enclosed Proxy intend to vote in favour of the election of the Management nominees herein listed, and in the absence of instructions to the contrary, the shares represented by Proxies and any other instruments of proxy will be voted for the management nominees herein listed.**

Each director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the articles of the Company.

## **Information Concerning Nominees Submitted by Management**

The following table sets out required information regarding the persons nominated by management for election as a director. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

<b>Name, Province and Country of ordinary residence<sup>(1)</sup>, and positions held with the Company</b>	<b>Principal occupation and, IF NOT an elected Director, principal occupation, business or employment during the past five years<sup>(1)</sup></b>	<b>Date(s) serving as a Director</b>	<b>No. of shares beneficially owned or controlled<sup>(1)</sup></b>
DANIEL COHEN Director/Chairman of the Board ON, Canada	Chairman of the Board and Chief Executive Officer of the Company since it went public in August of 2018. Prior to that, he worked in the Canadian Capital Markets for almost 20 years. Most recently, he was a Partner and Head of Sales at Beacon Securities.	Since May 15, 2020	6,129,264 <sup>(2)</sup>
AL QUONG <sup>(3 Chair) (4 Chair)</sup> Director ON, Canada	Chief Financial Officer for the Fovere Group of Companies, a boutique private equity firm which specializes in investments and financing within the real estate, natural & organic food and renewable energy sectors, from 2011 to present.	Since May 30, 2019	0
DAVID KIDECKEL <sup>(3)(4)</sup> Director ON, Canada	Kideckel Advisory Group Inc., President & CEO from August 2021 to present. Kideckel Advisory Group Inc. provides advisory services in capital markets, business development and overall business strategy. Beacon Securities, Director, Research Analyst: September 2017 to October 2018. ATB Capital Markets, Managing Director, Senior Institutional Equity Research Analyst: October 2018 to August 2021. Origin Merchant Partners, Principal, July 2022 to January, 2023. Senior VP, Head of Corporate Development & Strategic Alliances, IntelGenx Corp. March 2023 - present.	Since August 30, 2021	0
PAUL MCCLORY <sup>(3)</sup> Director England, United Kingdom	Entrepreneur - an international businessman who has spent the majority of his career developing new technologies to market take-off.	Since December 20, 2016	300,000 <sup>(5)</sup>
NIKOLAI VASSEV Director BC, Canada	Entrepreneur and business executive with a proven track record of innovation and top line revenue growth within the technology industry. Co-founder of Rocket VR Health, a virtual reality therapy company providing evidence-based treatments as mental health solutions for cancer patients. Previously, he founded and sold Mindleap, the world's first digital health platform for psychedelic therapy, and worked for lead cyber security and data analytics companies. He currently sits on several boards of public and private companies and is also a contributor to Forbes, Entrepreneur, and other leading business publications.	Since November 19, 2019	0

(1) The information as to ordinary residence, principal occupation and number of common shares of the Company beneficially owned or controlled or directed, directly or indirectly, by the nominee director and his or her associates and affiliates, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.

(2) 2,550,000 of these shares are held by 7725434 Canada Inc., of which Mr. Cohen is a beneficiary executor

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee

(5) 300,000 of these shares are held by Cayland Trust., of which Mr. McClory is a beneficiary executor

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

For purposes of the disclosure in this section, an “order” means 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 securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

None of the proposed directors, including any personal holding company of a proposed director:

(a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to an order that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or

- (ii) 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 a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 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;
- (c) has, within the 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 the assets of the proposed director;
- (d) 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 since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director, or
- (e) has been subject to 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.

### **III. Appointment and Remuneration of Auditor**

Management recommends the re-appointment of Clearhouse LLP, (“**Clearhouse**”) as the auditors for the Company, to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board. Clearhouse was appointed auditors on September 1, 2022. **The persons named in the enclosed Proxy intend to vote in favour of such re-appointment, and in the absence of instructions to the contrary, the shares represented by Proxies and any other instruments of proxy will be voted for the re-appointment of Clearhouse.**

### **IV. Re-Approval of the Company's Option Plan**

The policies of the Exchange require listed issuers to obtain shareholder approval for rolling share compensation plans within three years after institution and within every three years thereafter. Shareholders will be asked to pass an ordinary resolution re-approving the Company's Option Plan. For details regarding the Option Plan, refer to the heading “*Compensation Discussion and Analysis – Option Based Awards*”. If approved, the Option Plan will need to be re-approved on or before October 13, 2026.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, an ordinary resolution approving all unallocated options, rights and other entitlements under the Option Plan in accordance with the rules of the CSE, the text of which resolution is set out below. In accordance with the policies of the CSE, all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed maximum aggregate of securities issuable (such as the Option Plan) must be specifically approved by shareholders every three years after institution. Subject to adjustment in certain circumstances, the Option Plan authorizes the issuance of up to 10% of the issued and outstanding common shares of the Company from time to time pursuant to their terms. A copy of the Option Plan is attached as Schedule “C” to this Circular and a summary thereof is set out under the heading “*Compensation Discussion and Analysis – Option Based Awards*”. The attached copy of the Option Plan has been amended to (i) reflect the Pharmadrug Inc. name (as opposed to a predecessor name) and (ii) reflect the fact that the Company's common shares are now traded on the Canadian Securities Exchange as opposed to the TSX Venture Exchange.

If shareholder approval of the resolution in respect of the Option Plan is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated options, rights and other entitlements under the Option Plan until the Company's 2026 annual and special shareholders' meeting (provided that such meeting is held on or prior to October 13, 2026). If approval is not obtained at the Meeting, any currently unallocated options, rights and other entitlements under the Option Plan will no longer be available for grant, and previously granted options will not be available for reallocation if they are cancelled prior to exercise.

The Board recommends that shareholders approve all unallocated options, rights and other entitlements under the Option Plan. Accordingly, shareholders will be asked at the Meeting to pass the following ordinary resolution (the “**Option Plan Resolution**”):

“BE IT RESOLVED, as an ordinary resolution of the Company's shareholders, that:



1. all unallocated options, rights and other entitlements permitted under the Option Plan are hereby approved and authorized;
2. the Company is hereby authorized to continue granting options, rights and other entitlements under the Option Plan until October 13, 2026, being the date that is three years from the date of the meeting of shareholders of the Company at which shareholder approval is being sought;
3. any director or officer of the Company is hereby authorized to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments, and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this resolution.”

In order to be approved, the Option Plan Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Option Plan Resolution.

**The persons named in the enclosed form of proxy intend to vote the common shares represented by such proxy in favour of the ordinary resolution to approve the ratification of the Share Compensation Plan, unless the shareholder who has given such proxy has directed that the common shares be voted against such resolution.**

## **V. Share Consolidation**

### *Reasons for Consolidation*

The Board members believe that a consolidation of the Company's common shares is in the Company's best interest given that significant number of common shares that are presently outstanding. It is proposed that the Board be given the authority to complete a consolidation of the Company's issued and outstanding common shares at a ratio of 1 post-consolidation common share for up to every 10 pre-consolidation common shares (the "**Consolidation**"). The key driver for the Consolidation is that it will provide for more opportunities for raising capital and seeking future joint venture opportunities and acquisitions.

### *Effect of Consolidation*

If approved and implemented, the Consolidation will occur simultaneously for all of the Company's issued and outstanding common shares. The Consolidation ratio will be the same for all such common shares and will affect all shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Company, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional Share. No fractional post-Consolidation shares will be issued upon the Consolidation. If as a result of the Consolidation, a shareholder becomes entitled to a fractional post-Consolidation common share, such fraction will be rounded down to the nearest whole number. Notwithstanding the approval of the Consolidation by the shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution (as defined herein) and abandon the Consolidation without further approval by, or prior notice to, the shareholders.

As the Company currently has an unlimited number of common shares authorized for issuance, the Consolidation will not have any effect on the number of Shares that remain available for future issuance. As at the date of this Circular, the Company has 360,626,346 pre-Consolidation common shares issued and outstanding. Upon completion of the Consolidation, the number of post-Consolidation common shares issued and outstanding will be approximately 36,062,634 (subject to rounding) post-Consolidation common shares (assuming a 1 for 10 common share consolidation occurs; on a non-diluted basis).

### *Procedure for Implementing the Consolidation*

If the Consolidation Resolution is approved by the shareholders and the Board decides to implement the Consolidation, the Company will file articles of amendment pursuant to the *Business Corporations Act* (Ontario) to amend the Articles of the Company. Such articles of amendment shall be filed at a date determined by the Board to be in the best interests of the Company. The Consolidation will become effective on the date shown in the certificate of amendment issued pursuant to the *Business Corporations Act* (Ontario).

### *No Dissent Rights*

Under the *Business Corporations Act* (Ontario), Shareholders do not have any dissent and appraisal rights with respect to the proposed Consolidation.

### *Exchange Acceptance*

The Consolidation remains subject to Exchange acceptance.

*Vote Required*

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution authorizing the Board, in its sole discretion, to effect the Consolidation. To be effective, the resolution in respect of the Consolidation must be approved by the affirmative vote of not less than two-thirds of the votes cast by shareholders present in person or represented by proxy at the Meeting. The Board believes the Consolidation Resolution is in the best interests of the Company and therefore the Board unanimously recommends that shareholders vote for the Consolidation Resolution. Unless otherwise indicated, the persons named in the proxy intend to vote FOR the Consolidation Resolution.

The complete text of the special resolution (the "**Consolidation Resolution**") which management intends to place before the Meeting authorizing the Consolidation is as follows:

"BE IT HEREBY RESOLVED as a special resolution of the Company that:

1. the Company is hereby authorized to file articles of amendment pursuant to the *Business Corporations Act* (Ontario) to amend the articles of the Company such that the issued and outstanding common shares of the Company immediately upon the effective date of such articles of amendment be consolidated on the basis of one (1) post-consolidation common share for up to every ten (10) pre-consolidation common shares;
2. no fractional common shares shall be issued in connection with the consolidation and, if as a result of the consolidation, a shareholder becomes entitled to a fractional post-consolidation common share, such fraction will be rounded down to the nearest whole number;
3. any one director or any one officer be and is hereby authorized and directed to execute on behalf of the Company, and to deliver or to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he or she shall determine to be necessary or desirable to carry out the intent of this special resolution; and
4. notwithstanding approval of the shareholders of the Company as herein provided, the board of directors of the Company may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the shareholders of the Company".

**VI. Other Matters**

As of the date of this Circular, Management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Company's Financial Statements and MD&A may be obtained without charge at the offices of the Company 2905, 77 King Street West, Toronto Ontario M5K 1H1.

**DIRECTOR APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders has been approved by the Board.

DATED at Toronto, Ontario, this 29<sup>th</sup> day of August 2023.

**PHARMADRUG INC.**

*“Daniel Cohen”*

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DANIEL COHEN  
CEO

**SCHEDULE "A"**  
**PHARMADRUG INC.**  
FORM 52-110F2  
AUDIT COMMITTEE DISCLOSURE

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**ITEM 1: THE AUDIT COMMITTEE'S CHARTER**

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Pharmadrug Inc. (the "**Corporation**") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Corporation, and such other duties as directed by the Board. The Committee's role includes a particular focus on the Corporation's relationship with its external auditors (the "**Auditors**"), qualitative aspects of financial reporting to shareholders, processes to manage financial and accounting risks, and compliance with significant applicable legal and regulatory requirements and ethical expectations.

**MEMBERSHIP**

The membership of the Committee shall consist of at least three (3) directors selected by the Board who are generally knowledgeable in financial and auditing matters, including at least one (1) member with accounting or related financial management expertise. Each member of the Committee must be:

- (a) "independent" - that is, having no direct or indirect "material relationship" with the Corporation, being a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of that member's independent judgment, or such other relationships as are specified in National Instrument 52-110 *Audit Committees*. Officers or employees of the Corporation or any of its affiliates are not considered "independent".
- (b) "financially literate" - that is, having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Chairperson of the Committee (the "**Chair**") shall be appointed by the Board.

**COMMUNICATIONS AND REPORTING**

The Committee is expected to maintain free and open communication with the Board, the Auditors, and the Corporation's management. The Chair shall report on Committee activities to the Board at least quarterly.

To foster open communication, the Committee shall meet at least annually with management of the Corporation and with the Auditors, separately, to discuss any matters that the Committee or each of these groups believe should be discussed privately.

**AUTHORITY**

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full power to retain and compensate outside counsel or other advisors and experts for this purpose. The Committee shall have the authority to communicate directly with the Auditors.

**RESPONSIBILITIES**

**Oversight**

The Committee is directly responsible for overseeing the work of the Auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the Auditors regarding financial reporting. The Committee relies on the expertise and knowledge of management and the Auditors in carrying out its oversight responsibilities.

**Recommend Auditor**

The Committee must select and recommend to the Board the external auditor to be nominated as Auditors (subject to shareholder approval) for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation. The Committee shall also recommend or fix the compensation of the Auditors.

**Pre-Approve Non-Audit Services**

The Committee must pre-approve all non-audit services to be provided to the Corporation by the Auditors.

**Review Financial Disclosure**

The Committee must review the Corporation's financial statements and management's discussion and analysis (MD&A), and any other financial disclosures, prior to reporting thereon to the Board and/or recommending that the Board approve same for public disclosure. The Committee, in consultation with the Auditors and external legal counsel as appropriate, shall ensure that such public disclosure complies with applicable accounting, legal and regulatory requirements.

Areas of focus for the Committee should include: significant accounting policies and practices; management judgments and estimates; the going concern assumption; material transactions and related party transactions; contingencies; and significant risks potentially affecting the Corporation, both financial and otherwise.

**Review of Internal Controls and Procedures**

The Committee shall educate itself as to the Corporation's internal financial policies, procedures and controls, and ensure from time to time that same are adequate and are being implemented and followed.

**Relationship with Auditors**

The Auditors are expected to report directly to the Committee. The Committee will discuss with the Auditors the nature and scope of the annual audit of the Corporation's financial statements, and will work with the Auditors to address significant reporting materials and audit-related issues. The Committee shall also take such steps from time to time as it considers appropriate to satisfy itself as to the independence of the Auditors.

Except with the prior written approval of the Committee, the Corporation shall not hire current or former partners or employees of the Corporation's incumbent or previous external auditors.

**Accounting Complaints**

The Committee is responsible for receiving and responding to complaints received by the Corporation regarding accounting, internal controls, or auditing matters, and general ethical violations. Any such concerns may be submitted in writing or shared verbally, on a confidential and/or anonymous basis, and shall be directed to the attention of the Chair. The Chair and the Committee will then determine the most appropriate response as well as any necessary remedial actions.

**Review of Charter**

The Committee shall review this Charter annually to ensure its effectiveness and that it complies with prevailing legal and regulatory requirements. In the course of such review, the Committee should also assess the effectiveness of its own procedures in implementing this Charter.

**MEETINGS**

The Committee shall meet at least quarterly, and at such other times as it determines necessary to carry out its duties and responsibilities. Meetings of the Committee may be called by the Chair, any other member of the Committee, the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") of the Corporation, or the Auditors, on not less than five (5) days' notice, unless all Committee members consent to proceed with lesser or no notice. Notice of a meeting shall be given to all of the foregoing persons.

The Chair should work with the CFO to establish the agendas for Committee meetings. The Committee, in its discretion, may require that members of management, the Auditors, or others attend its meetings (or portions thereof) to provide pertinent information necessary for the Committee to fulfill its duties.

Quorum for each meeting of the Committee shall be a majority of the members of the Committee, and a majority vote shall govern on any question or decision. The Committee shall maintain minutes of its meetings and records of its activities, and provide copies of minutes to the Board to be included in the minute books of the Corporation.

This Charter has been adopted by the Board effective **November 27, 2018**.

## **ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE**

The current members of the Committee are Al Quong as Chair, Paul McClory, and David Kideckel. A member of the Committee is considered financially literate if the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company. A member of the audit committee is considered independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's board of the directors, reasonably interfere with the exercise of a member's independent judgment.

All of the current members are considered financially literate. In the Board's view, all members of the Audit Committee are considered independent.

## **ITEM 3: RELEVANT EDUCATION AND EXPERIENCE**

***Al Quong, Director*** - Mr. Quong is an experienced finance professional, with more than 25 years of operational and advisory experience in various capacities and industries. Al is currently Chief Financial Officer for the Fovere Group of Companies, a boutique private equity firm which specializes in investments and financing within the real estate, natural & organic food and renewable energy sectors. Previously, he has held a number of senior finance roles, including but not limited to Chief Financial Officer for early stage cannabis public companies Nutritional High International Inc., The Tinley Beverage Company Inc. and Assurance Senior Manager at KPMG Calgary. Mr. Quong is a Chartered Professional Accountant, Chartered Accountant and Certified Public Accountant (Illinois), and holds a Bachelor of Commerce degree from the University of Saskatchewan, and a Graduate Diploma in Forensic & Investigative Accounting from the University of Toronto Mississauga.

***David Kideckel, Director*** - Dr. Kideckel is the Founder of the Kideckel Advisory Group Inc. and is presently Senior VP, Head of Corporate Development & Strategic Alliances at IntelGenx Corp. Dr. Kideckel combines over 20 years of industry, advisory, and capital markets experience, most recently serving as Managing Director, Senior Institutional Equity Research Analyst at ATB Capital Markets. Dr. Kideckel's industry experience spans several senior healthcare & biotechnology executive roles including at Johnson & Johnson Inc. and Alexion Pharmaceuticals (acquired by AstraZeneca PLC). Within capital markets, Dr. Kideckel was at the forefront of the biotech industry and was the sole Bay Street analyst to cover British-based GW Pharmaceuticals (acquired by Jazz Pharmaceuticals PLC), the world leader in cannabinoid-derived pharmaceuticals. Dr. Kideckel also covered other Canadian and US Life Sciences staples such as Knight Therapeutics, Profound Medical, Cardiol Therapeutics, and Willow Biosciences, where he was known for his thought leadership as well as his subsector expertise in FDA, EMA, and Health Canada regulations. Dr. Kideckel holds a Ph.D. in Neuroscience & Statistics from the University of Toronto's Institute of Medical Science and an M.B.A. from the University of Toronto's Rotman School of Management, where he was a Canadian Institutes of Health Research Science to Business Award recipient.

***Paul McClory, Director*** - Paul McClory is an international businessman who has spent the majority of his career developing new technologies to market take-off. He has worked with companies in Europe, North America and Africa. Currently he is involved in the development of a private UK company, a leader in the industrial uses of Ultrasonics, to produce the world's first "green" antimicrobial textiles for use in medical facilities. In the 1990's Mr. McClory founded a publicly listed tire pyrolysis company, North American Tire Recycling in Vancouver BC to ecologically dispose of waste tires, using a technology he licensed from the UK Atomic Energy Authority. This company was subsequently acquired by a NASDAQ listed US company. In the 1990's Mr. McClory was also a founding shareholder and director of Quesada Resources in Calgary which became Neo Material Technologies Inc., a TSX listing company focused on rare earths. In 2003 Mr. McClory patented his discovery that high value food proteins could be recovered from canola oil seeds using low temperature extraction techniques. This led to the foundation of BioExx Specialty Proteins Ltd., which became a fully listed company on the Toronto Stock Exchange.

## **ITEM 4: AUDIT COMMITTEE OVERSIGHT**

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

**ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemption).

**ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

**ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)**

The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years, is as follows:

	<b>FYE 2022</b>	<b>FYE 2021</b>
Audit fees for the year ended	\$120,000	\$75,000
Audit related fees	\$8,500	Nil
Tax fees	\$3,000	Nil
All other fees (non-tax)	\$5,918	Nil
Total Fees:	\$137,418	\$75,000

**ITEM 8: EXEMPTION**

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 5 (Reporting Obligations) of NI 52-110.

## **SCHEDULE “B”**

### **PHARMADRUG INC. NI 58-101 CORPORATE GOVERNANCE DISCLOSURE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

#### **ITEM 1. BOARD OF DIRECTORS**

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board.

A director is considered independent if the director has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.

<b>Director</b>	<b>Independence</b>
Daniel Cohen	Not independent, as he is CEO and Chairman of the Board of the Company
Nikolai Vassev	Independent
Al Quong	Independent
David Kideckel	Independent
Michael Forbes	Independent
Paul McClory	Independent

#### **ITEM 2. DIRECTORSHIPS**

The following directors of the Company are currently directors of the following other reporting issuers:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name or Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>Daniel Cohen</b>	Caprock Mining Corp.	CSE	Chairman	January 2022	Present
<b>Al Quong</b>	Universal PropTech Inc	TSXV	Director	July 2020	Present
<b>Michael Forbes</b>	Adastra Holdings Ltd	CSE	Director	May 2021	Present



### **ITEM 3.           ORIENTATION AND CONTINUING EDUCATION**

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current level of operations. However, if the growth of the Company's operations warrants it, it is likely that a formal orientation process will be implemented. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

### **ITEM 4.           ETHICAL BUSINESS CONDUCT**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To that end, the Company has adopted a Code of Business Conduct and Ethics which applies to the directors, officers and employees of the Company and its subsidiaries in respect of their activities in connection with the Company. The Code of Business Conduct and Ethics is provided to all such directors, officers, employees and other persons, and addresses such matters as compliance with laws, conflicts of interest, confidential information, protection and proper use of our assets, rules and regulations and the reporting of illegal and unethical behaviour. The Code of Business Conduct and Ethics can be viewed on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

The Company encourages those who become aware of a conflict or potential conflict or departures from the Code of Business Conduct and Ethics to bring it to the attention of their immediate supervisor or the Chair of the Audit Committee. The Board requires every director and officer to disclose any direct or indirect conflict of interest that he or she has and, if applicable, not to vote on any resolution in connection with such matter unless permitted by the *Business Corporations Act* (Ontario). Any waivers of the Code of Business Conduct and Ethics may only be granted by the Board.

### **ITEM 5.           NOMINATION OF DIRECTORS**

The Board of Directors as a whole is responsible for identifying individuals qualified to become new Board members and recommending to the Board the names of new director nominees for the next annual meeting of the shareholders.

New nominees are sought out or are recommended based on a perceived or potential requirement for particular or general knowledge or skills. In general, nominees would ideally have a track record in general business management, have special expertise in an area of knowledge which is of interest to the Company, have the ability to devote the time required, be knowledgeable of and support the Company's mission and strategic objectives, and have a willingness to serve.

### **ITEM 6.           COMPENSATION COMMITTEE**

The Compensation Committee assists the Board of Directors in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Company's executive officers. In addition, the Compensation Committee is charged with reviewing the employee stock option plan and proposing changes thereto, approving any awards of options under the employee stock option plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Company's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Company's Board annually (or more frequently as required) on the Company's succession plans for its executive officers. For further information on the Company's approach to compensation see the section of the information circular to which this Schedule B is attached titled "Statement of Executive Compensation".

The members of the Compensation Committee are comprised of the following two directors: Al Quong, Chair and David Kideckel both of whom are independent.

### **ITEM 7.           OTHER BOARD COMMITTEES**

The Board of Directors has a Compensation Committee and an Audit Committee.

**ITEM 8. ASSESSMENTS**

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the effectiveness of the board, its committees and individual directors by periodically discussing and critiquing any perceived issues or weaknesses and giving appropriate feedback to management or directors as the case may be.

**SCHEDULE "C"**

**PHARMADRUG INC.  
OPTION PLAN**

**PHARMADRUG INC.**  
**(the "Corporation")**

**STOCK OPTION PLAN**

**Dated for Reference June 9, 2017, as amended on August 30, 2023**

**ARTICLE 1**  
**PURPOSE AND INTERPRETATION**

**1.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation by encouraging equity participation in the Corporation through the acquisition of Common Shares of the Corporation. It is the intention of the Corporation that this Plan will at all times be in compliance with Canadian Securities Exchange Policies and any inconsistencies between this Plan and Canadian Securities Exchange Policies will be resolved in favour of the latter.

**1.2 Definitions**

In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Corporation, or that is controlled by the same entity as the Corporation;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Black-out Period** means an interval of time during which the Corporation has determined that one or more Participants may not trade any securities of the Corporation because they may be in possession of undisclosed material information pertaining to the Corporation, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation or in respect of an Insider, that Insider, is subject);
- (d) **Board** means the board of directors of the Corporation or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **Canadian Securities Exchange Policies** means the rules and policies of the Canadian Securities Exchange as amended from time to time;
- (f) **Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
  - (i) any one Person holds a sufficient number of voting shares of the Corporation or resulting company to affect materially the control of the Corporation or resulting company, or,

- (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of voting shares of the Corporation or its successor to affect materially the control of the Corporation or its successor, where such Person or combination of Persons did not previously hold a sufficient number of voting shares to materially affect control of the Corporation or its successor and, in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Corporation or resulting company is deemed to materially affect control of the Corporation or resulting company;
- (g) **Common Shares** means the common shares without par value in the capital of the Corporation providing such class is listed on the Canadian Securities Exchange;
- (h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
  - (i) provides on an ongoing *bona fide* basis, consulting, technical, managerial or like services to the Corporation or an Affiliate of the Corporation, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Corporation or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Corporation;
- (i) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) **Corporation** means the corporation named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (k) **Directors** means the directors of the Corporation as may be elected from time to time;
- (l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Corporation's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;

- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Corporation from treasury;
- (n) **Effective Date for an Option** means the date of grant thereof by the Board;
- (o) **Employee** means:
  - (i) an individual who is considered an employee under the *Income Tax Act* Canada (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Corporation or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions need not be made at source;
- (p) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (q) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (r) **Insider** means an insider as defined in the as defined in the *Securities Act* (Ontario);
- (s) **Investor Relations Activities** has the meaning assigned by Policy 1 of the Canadian Securities Exchange Policies;
- (t) **Management Company Employee** means an individual employed by a Person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;
- (u) **Market Price** the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options;
- (v) **Officer** means a Board appointed officer of the Corporation;
- (w) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

- (x) **Option Commitment** means the notice of grant of an Option delivered by the Corporation hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (y) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (z) **Optionee** means the recipient of an Option hereunder;
- (aa) **Outstanding Shares** means at the relevant time, the number of issued and outstanding shares of the Corporation from time to time;
- (bb) **Participant** means a Service Provider that becomes an Optionee;
- (cc) **Person** includes a company, any unincorporated entity, or an individual;
- (dd) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;
- (ee) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;
- (ff) **Regulatory Approval** means the approval of the Canadian Securities Exchange and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (gg) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
- (hh) **Service Provider** means a Person who is a *bona fide* Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (ii) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (jj) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Corporation at a duly constituted shareholders' meeting; and
- (kk) **Take Over Bid** means a take over bid as defined in Multilateral Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Corporation.

### **1.3 Other Words and Phrases**

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the Canadian Securities Exchange Policies, will have the meaning assigned to them in the Canadian Securities Exchange Policies.

### **1.4 Gender**

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2** **SHARE OPTION PLAN**

### **2.1 Establishment of Share Option Plan**

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Corporation and its Affiliates.

### **2.2 Maximum Plan Shares**

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the Canadian Securities Exchange Policies.

### **2.3 Eligibility**

Options to purchase Common Shares may be granted hereunder to Service Providers of the Corporation, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the Canadian Securities Exchange and the Corporation is obtained.

### **2.4 Representation to Canadian Securities Exchange**

As a condition precedent to the issuance of an Option, the Corporation must be able to represent to Canadian Securities Exchange as of the date of grant that the Option Holder is a *bona fide* Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant.

### **2.5 Options Granted Under the Plan**

All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.



**2.6** Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

## **2.7 Limitations on Issue**

Subject to §2.11, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Corporation has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the Canadian Securities Exchange; and
- (c) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the Canadian Securities Exchange.

## **2.8 Options Not Exercised**

In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

## **2.9 Powers of the Board**

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the Canadian Securities Exchange Policies or the Corporation's tier classification thereunder; and

- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

## **2.10 Amendment of the Plan by the Board of Directors**

Subject to the requirements of the Canadian Securities Exchange Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical in nature only;
- (b) it may change the vesting provisions of an Option granted hereunder, subject to prior written approval of the Canadian Securities Exchange, if applicable;
- (c) it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;
- (d) it may make amendments necessary as a result in changes in securities laws applicable to the Corporation;
- (e) if the Corporation becomes listed or quoted on a stock exchange or stock market senior to the Canadian Securities Exchange, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (f) it may make such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

## **2.11 Amendments Requiring Disinterested Shareholder Approval**

The Corporation will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Corporation's other previous Share Compensation Arrangements, could result at any time in:
  - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
  - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;or,

- (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider. Options Granted Under the Corporation's Previous Share Option Plans

**2.12** Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

### **ARTICLE 3**

#### **TERMS AND CONDITIONS OF OPTIONS**

#### **3.1 Exercise Price**

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Market Price.

#### **3.2 Term of Option**

An Option can be exercisable for a maximum of 10 years from the Effective Date.

**3.3** An Option must be outstanding for at least one year before the Corporation may extend its term, subject to the limits contained in §3.2.

**3.4** Any proposed amendment to the terms of an Option must be approved by the Canadian Securities Exchange prior to the exercise of such Option.

#### **3.5 Vesting of Options**

Subject to §3.6, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Corporation or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Corporation or any of its Affiliates during the vesting period.

### **3.6 Vesting of Options Granted to Consultants Conducting Investor Relations Activities**

Notwithstanding §3.5, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

### **3.7 Effect of Take-Over Bid**

If a Take-Over Bid is made to the shareholders generally then the Corporation shall immediately upon receipt of notice of the Take-Over Bid, notify each Optionee currently holding an Option of the Take-Over Bid, with full particulars thereof whereupon such Option may, notwithstanding §3.5 and §3.6 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the Canadian Securities Exchange for vesting requirements imposed by the Canadian Securities Exchange Policies.

### **3.8 Acceleration of Vesting on Change of Control**

In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, subject to approval of the Canadian Securities Exchange for vesting requirements imposed by the Canadian Securities Exchange Policies.

### **3.9 Extension of Options Expiring During Blackout Period**

Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding §2.9, the tenth Business Day period referred to in this §3.9 may not be extended by the Board.

### **3.10 Optionee Ceasing to be Director, Employee or Service Provider**

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Corporation that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

- (b) an Option granted to any Service Provider will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Corporation, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Corporation; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### **3.11 Non Assignable**

Subject to §3.10(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **3.12 Adjustment of the Number of Optioned Shares**

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Corporation will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Corporation will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Corporation will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Corporation, a consolidation, merger or amalgamation of the Corporation with or into any other company or a sale of the property of the Corporation as or substantially as an

entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Corporation for the purposes of this §3.12;

- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Corporation will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.12, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Corporation; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.12, such questions will be conclusively determined by the Corporation's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Corporation's principal executive office) that the Corporation may designate and who will be granted access to all appropriate records and such determination will be binding upon the Corporation and all Optionees.

#### **ARTICLE 4**

#### **COMMITMENT AND EXERCISE PROCEDURES**

#### **4.1 Option Commitment**

Upon grant of an Option hereunder, an authorized officer of the Corporation will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

#### **4.2 Manner of Exercise**

An Optionee who wishes to exercise his Option may do so by delivering

- (a) a written notice to the Corporation specifying the number of Optioned Shares being acquired pursuant to the Option; and

- (b) a certified cheque, wire transfer or bank draft payable to the Corporation for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to §4.3.

#### **4.3 Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Corporation may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in §4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Corporation (if at all) in its sole and unfettered discretion, that the amount will be securely funded; and must in all other respects follow any related procedures and conditions imposed by the Corporation.

#### **4.4 Delivery of Optioned Shares and Hold Periods**

As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Corporation will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares.

### **ARTICLE 5** **GENERAL**

#### **5.1 Employment and Services**

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Corporation, or interfere in any way with the right of the Corporation to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

#### **5.2 No Representation or Warranty**

The Corporation makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Corporation.

### **5.3 Interpretation**

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

### **5.4 Continuation of Plan**

The Plan originally became effective from and after June 29, 2012, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval as required by the policies of the Canadian Securities Exchange.

### **5.5 Amendment of the Plan**

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.



**SCHEDULE A  
SHARE OPTION PLAN  
OPTION COMMITMENT**

Notice is hereby given that, effective this ► day of ►, ► (the "**Effective Date**") **PHARMADRUG INC.** (the "**Corporation**") has granted to ► (the "**Optionee**"), an Option to acquire ► Common Shares ("**Optioned Shares**") up to 5:00 p.m. Toronto Time on the ► day of ►, ► (the "**Expiry Date**") at an Exercise Price of Cdn\$► per share.

Optioned Shares are to vest immediately.

**OR**

Optioned Shares will vest [*INSERT VESTING SCHEDULE AND TERMS*]

The Option shall expire ► days after the Optionee ceases to be employed by or provide services to the Corporation.

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Corporation for the aggregate Exercise Price. A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and may bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows.

The Corporation and the Optionee represent that the Optionee under the terms and conditions of the Plan is a *bona fide* Service Provider (as defined in the Plan), entitled to receive Options.

**PHARMADRUG INC.**

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Authorized Signatory

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[insert name of optionee]

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Signature of Optionee