



**REVIVE THERAPEUTICS LTD.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 19, 2018**

**November 06, 2018**

## REVIVE THERAPEUTICS LTD.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that an annual and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Revive Therapeutics Ltd. (the “**Corporation**”) will be held at the Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario M5C 1P1, on December 19, 2018 at 1:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2018 and 2017, together with the report of the auditors thereon;
2. to elect four directors of the Corporation for the ensuing year;
3. to appoint MNP LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the Corporation’s 10% rolling incentive stock option plan for the ensuing year; and
5. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An “ordinary resolution” is a resolution passed by at least a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular dated November 6, 2018.

The Corporation has determined to deliver this notice of meeting and the Management Information Circular and form of proxy (collectively, the “**Meeting Materials**”) to shareholders by posting the Meeting Materials online at <https://petersonmcvicar.wixsite.com/petersonmcvicar/> in accordance with the notice and access notification mailed to shareholders of the Corporation. The use of the notice and access procedures under applicable securities laws will significantly reduce the Corporation’s printing and mailing costs.

The Meeting Materials will be available online at <https://petersonmcvicar.wixsite.com/petersonmcvicar/> as of November 16, 2018, and will remain on the website for one full year thereafter. The Meeting Materials will also be available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). All shareholders of the Corporation (the “**Shareholders**”) will receive a notice and access notification containing information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting. Shareholders wishing to receive paper copies of the Meeting Materials at no cost to them can request same from the Corporation by calling toll-free 1-800-501-6163 or by emailing the Corporation at [info@revivethera.com](mailto:info@revivethera.com). The Corporation must receive your request prior to 5:00 p.m. (Toronto time) on December 5, 2018 to ensure you will receive paper copies in advance of the deadline to submit your vote.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is November 6, 2018 (the “**Record Date**”). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Fax: 1 (866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

**DATED** this 6<sup>th</sup> day of November 2018

**BY ORDER OF THE BOARD OF DIRECTORS OF  
REVIVE THERAPEUTICS LTD.**

*(signed) "Fabio Chianelli"*

Fabio Chianelli  
President

## REVIVE THERAPEUTICS LTD.

### MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management of Revive Therapeutics Ltd. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of the Corporation to be held at 1:00 p.m. (Toronto time) on December 19, 2018 at the Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario M5C 1P1 for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders dated November 6, 2018 (the “**Notice of Meeting**”). References in the Circular to the Meeting include any adjournment(s) or postponement(s) thereof. It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of the solicitation of proxies will be borne by the Corporation.

Except where otherwise indicated, the information contained in this Circular is as of November 6, 2018.

#### Notice and Access

The Corporation has elected to take advantage of amendments to National Instrument 54-101 – “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“**NI 54-101**”) which came into force on February 11, 2013 (“**Notice-and-Access**”). Notice-and-Access is a set of rules that reduces the volume of materials that must be physically mailed to shareholders by allowing issuers to deliver meeting materials to shareholders electronically by providing shareholders with access to these materials online.

In accordance with the Notice-and-Access provisions, a notice and a form of proxy or voting instruction form (the “**Notice Package**”) has been sent to all shareholders informing them that this Circular is available online and explaining how this Circular may be accessed, in addition to outlining relevant dates and matters to be discussed at the Meeting. The Notice of Meeting (as hereinafter defined), the Circular and the financial statements (collectively, the “**Meeting Materials**”) has been made available online to shareholders of the Corporation at <https://petersonmcvicar.wixsite.com/petersonmcvicar/copy-of-revive> and under the Corporation’s profile on SEDAR (the System for Electronic Document Analysis and Retrieval) at [www.sedar.com](http://www.sedar.com). The Corporation will directly send the Notice Package to Non-Registered Holders (as hereinafter defined).

For the Meeting, the Corporation is using Notice-and-Access for both registered and non-registered (or beneficial) shareholders. Neither registered shareholders nor Non-Registered Holders will receive a paper copy of this Circular unless they contact the Corporation after it is posted, in which case the Corporation will mail this Circular within three business days of any request provided the request is made *prior* to the Meeting. Shareholders wishing to receive paper copies of the Meeting Materials at no cost to them can request same from the Corporation by calling toll-free 1-800-501-6163 or by emailing the Corporation at [info@revivetherap.com](mailto:info@revivetherap.com). The Corporation must receive your request prior to 5:00 p.m. (Toronto time) on December 5, 2018 to ensure you will receive paper copies in advance of the deadline to submit your vote.

#### Appointment of Proxy Holders

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing and executing another proper form of proxy.** All duly completed and executed proxies must be received by the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. (“**Computershare**”) at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Fax: 1-(866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a

discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The votes attached to the common shares of the Corporation (“**Common Shares**”) represented by the form of proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

To be valid, a form of proxy must be executed by a Shareholder or a Shareholder’s attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

### **Revocation of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy at any time prior to use by:

- (i) completing and signing a proxy bearing a later date and depositing it with Computershare at the address provided herein;
- (ii) depositing an instrument in writing, including another completed form of proxy, executed by such Shareholder or by his or her attorney duly authorized in writing, or, if the Shareholder is a body corporate, by a duly authorized officer or attorney, either (a) with Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or
- (iii) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

### **Voting of Proxies**

The voting rights attached to the Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

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

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold their Common Shares in their own name and are considered non-registered beneficial Shareholders.** Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are “non-registered” Shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (“**Intermediary**”) (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators or self-administered RRSPs, RRIFs, RESPs, TFSA’s and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) of which the Intermediary is a participant. Non-Registered Holders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice Package to the clearing agencies and Non-Registered Holders, or Intermediaries for onward distribution to Non-Registered Shareholders, as applicable. If you are a Non-Registered Holder, your Intermediary will be the entity legally entitled to vote your Common Shares

at the Meeting. Common Shares held by an Intermediary can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, Intermediaries are prohibited from voting Common Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one-page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions containing a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Common Shares at the Meeting; or**
- (ii) be given 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 shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare the address provided herein.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as “NOBOs”. Non-Registered Holders who have objected to their Intermediary disclosing the ownership information about themselves to the Corporation are referred to as “OBOs”. The Corporation is relying on the notice-and-access delivery procedures set out in NI 54-101 to distribute copies of Meeting Materials in connection with the Meeting. See “Notice and Access” above. In accordance with the requirements of NI 54-101, the Corporation is sending the Notice Package directly to the NOBOs and, indirectly, through Intermediaries to the OBOs. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a Non-Registered Holder, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The Corporation has

determined to pay the fees and costs of Intermediaries for their services in delivering the Notice Package to OBOs in accordance with NI 54-101.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting.

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

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

Except as described elsewhere in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there are 58,401,282 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The record date for the determination of Shareholders entitled to receive notice of the Meeting and vote at the Meeting has been fixed at November 6, 2018 (the "**Record Date**"). All holders of record of Common Shares on the Record Date are entitled either to attend and vote their Common Shares at the Meeting, or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent, Computershare, within the time specified in the attached Notice of Annual and Special Meeting of Shareholders, to attend the Meeting and vote their Common Shares by proxy.

To the knowledge of the directors and officers of the Corporation, as at the date of this Circular, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other than other than as set out below:

<b>Name of Shareholder</b>	<b>Number of Common Shares<sup>(1)(2)</sup></b>	<b>Percentage of Common Shares<sup>(1)(2)</sup></b>
Fabio Chianelli	6,870,600 <sup>(3)</sup>	11.76%

Notes:

- (1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the relevant shareholder.
- (2) On a non-diluted basis.
- (3) 121,000 Common Shares beneficially owned through spouse.

### **BUSINESS OF THE MEETING**

To the knowledge of the board of directors of the Corporation (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

#### **1. Presentation of Financial Statements**

The audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2018 and 2017, and the report of the auditors thereon, accessible via Notice-and-Access, will be submitted to the Meeting. Receipt at the Meeting of these financial statements and the auditor's report thereon will not constitute approval or disapproval of any matter referred to therein. Shareholder approval is not required in relation to the financial statements.

## 2. Election of Directors

The Board consists of four directors, each of whom management propose to nominate for re-election at the Meeting. Each director elected at the Meeting will hold office until the next annual meeting or until his successor is duly elected or appointed.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted FOR the election of each of the proposed nominees set forth in the table below.**

Management has no reason to believe that any of the nominees will be unable to serve as a director. **However, if any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy will be voted in favour of the remaining nominees, and may be voted in favour of a substitute nominee unless the Shareholder has specified in the proxy that the Common Shares represented thereby are to be withheld from voting in respect of the election of directors.**

The following table states the name of each person nominated by management for election as directors, such person's principal occupation or employment, period of service as a director of the Corporation, and the approximate number of voting securities of the Corporation that such person beneficially owns, or over which such person exercises direction or control:

Name, and Province and Country of Residence	Principal Occupation, Business or Employment <sup>(1)</sup>	Director Since	Common Shares Owned or Controlled <sup>(1)</sup>
Fabio Chianelli <i>Ontario, Canada</i>	President of Revive Therapeutics Ltd.	Jan. 2014	6,870,600 <sup>(4)</sup>
Craig Leon <sup>(2)(3)</sup> <i>Ontario, Canada</i>	CEO of Revive Therapeutics Ltd.	Jan. 2014	1,380,000 <sup>(5)</sup>
Carlo Sansalone <sup>(2)</sup> <i>Ontario, Canada</i>	President of Sanscon Construction Ltd.	Jan. 2014	1,951,666 <sup>(6)</sup>
William Jackson <sup>(2)</sup> <i>Ontario, Canada</i>	CEO of Atwill Medical Solutions Inc.	Jan. 2014	Nil

Notes:

- (1) Information about principal occupation, business or employment and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised is not within the direct knowledge of management and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.
- (3) Chairman of the Board.
- (4) 121,000 Common Shares beneficially owned through spouse.
- (5) 250,000 Common Shares beneficially owned through Rangercap Inc.
- (6) 460,000 Common Shares beneficially owned by NBCN Inc. in trust for Carlo Sansalone.

### ***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No proposed director of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer, of any company (including the Corporation) that:

- (a) while that person was acting in the capacity was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that



was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- (c) 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.

No proposed director of the Corporation (or any personal holding company of any such individual):

- (a) is at the date hereof, or has been within the previous 10 years, a director or executive officer of any corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets such individual.

No proposed director of the Corporation (or any personal holding company of any such individual) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **3. Appointment of Auditors**

MNP LLP, Chartered Accountants (“MNP”), is the independent registered certified auditor of the Corporation. MNP was first appointed as the Corporation’s auditor on July 20, 2013.

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint MNP to serve as auditor of the Corporation until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix their remuneration as such.

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form FOR the re-appointment of MNP as auditor of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and the authorization of the directors of the Corporation to fix their remuneration.**

The directors of the Corporation recommend that shareholders vote in favour of the re-appointment of MNP and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

### **4. Approval of Stock Option Plan**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve a new stock option plan for the Corporation. The Board approved a new stock option plan (the “**New Stock Option Plan**”), subject to the approval of Shareholders, to replace the Corporation’s existing stock option plan (the “**Old Plan**”) previously approved by the Shareholders at the annual meeting of the Corporation on November 14, 2017.

The Old Plan was initially adopted by the Corporation prior to the completion of the reverse take over of Mercury Capital II Limited on December 30, 2013 when Mercury Capital II Limited was deemed to be a Capital Pool Company under the policies of the TSX Venture Exchange. The Old Plan was designed to meet the requirements applicable to Capital Pool Companies which are no longer applicable to the Corporation Accordingly the Corporation may adopt a

stock option plan that does not contain restrictions specific to capital pool companies, such as the New Stock Option Plan.

The New Stock Option Plan is designed to ensure compliance with the policies of TSX Venture Exchange. The New Stock Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant. As at the date of this Circular, there are 4,045,375 options outstanding pursuant to the Old Plan which, assuming approval of the New Stock Option Plan by the Shareholders at the Meeting, will be subsumed as options outstanding under the New Stock Option Plan, and will represent approximately 5.94% of the issued and outstanding Common Shares, leaving a total of 1,794,753 Common Shares available for reservation pursuant to new grants of options.

Pursuant the policies of TSX Venture Exchange the Corporation is required to obtain the approval of its shareholders for a “rolling” stock option plan for acceptance of the option plan by the Corporation and at each annual meeting of shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to approve the New Stock Option Plan for the ensuing year.

The New Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. For a summary of the material features of the Plan, please see “Executive Compensation – New Stock Option Plan” below. The full text of the New Stock Option Plan is appended to this Circular as Schedule “A”

At the Meeting, Shareholders will be asked to pass an ordinary resolution to approve the New Stock Option Plan for the ensuing year. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**“BE IT RESOLVED THAT:**

1. The new, TSX Venture Exchange-compliant, rolling stock option plan of the Corporation be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation; and
2. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to do or to cause to be done all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable to satisfy securities and corporate regulators and in order to fulfill the intent of the foregoing resolution.”

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or instructions FOR the approval of the New Stock Option Plan.** The directors of the Corporation recommend that the shareholders vote in favour of the approval of the New Stock Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**5. Other Matters**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

**EXECUTIVE COMPENSATION**

**Named Executive Officers**

For the purposes of this Circular, a Named Executive Officer (“**NEO**”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Corporation;

- (b) a chief financial officer (“CFO”) of the Corporation;
- (c) if applicable, each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*; and
- (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

At the end of the Corporation’s most recently completed financial year, being the year ended June 30, 2018, the Corporation had the following two NEOs: Craig Leon, CEO, and Carmelo Marrelli, CFO.

### **Compensation Discussion and Analysis**

To date, the Board has not adopted any formal policies to determine executive compensation. Executive compensation is currently determined by the independent directors of the Board that has general oversight of compensation of employees and executive officers.

In carrying out its duties and responsibilities in relation to compensation and utilizing industry comparable salaries and bonuses, the Board sets annual performance objectives that are aligned to the overall objectives of the Corporation and assess the attainment of the corporate goals to determine the amount of performance bonus compensation paid. In determining the appropriate level of compensation, the Board may consider comparative data for the Corporation’s peer group, which are accumulated from a number of external sources, including independent consultants. The Board will consider implementing formal compensation policies in the future should circumstances warrant.

Currently, the long-term compensation available to the NEOs consists of the stock options granted under the Old Plan, which is administered by the Board and is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Board considers stock option grants when reviewing each NEO’s compensation package as a whole.

The allocation of stock options is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with shareholders

### **The New Stock Option Plan**

Stock options are a key part of the Corporation’s long-term incentive compensation program, and assist the Corporation in attracting, retaining and motivating its employees, directors, officers, and other eligible persons whose contributions are important to its future success. The Board believes it would be advisable and in the best interests of the Corporation to adopt the New Stock Option Plan. The terms of the Old Plan no longer apply given the changes to its corporate structure and the terms of the New Stock Option Plan comply with the policies of the Exchange. The Board is focused on building an elite team to carry out its business plan, and believes that the New Stock Option Plan will enable them to continue to attract and motivate team members, and align their interests with those of Shareholders.

The New Stock Option Plan is administered by the Board and provides that stock options (“Options”) may be issued to directors, officers, employees, management company employee or consultants of the Corporation or a subsidiary of the Corporation. The number of options issuable under the New Stock Option Plan, together with all of the Corporation’s previously established or proposed share compensation arrangements, may not exceed 10% of the total

number of issued and outstanding Common Shares. Pursuant to the New Stock Option Plan, all Options expire on a date not later than 10 years after the date of grant of an option.

The New Stock Option Plan is subject to the following restrictions:

- the Corporation must not grant an Option to any consultants in any twelve (12) month period that exceeds 2% of the outstanding Common Shares, less the aggregate number of Common Shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation;
- the aggregate number of Options granted to Consultants conducting Investor Relations Activities for the Corporation in any twelve (12) month period must not exceed 2% of the outstanding Common Shares calculated at the date of the grant, less the aggregate number of Common Shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation;
- Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the Options vesting in any three (3) month period;
- the aggregate number of Common Shares reserved for issuance under the New Stock Option Plan must not exceed 10% of the issued and outstanding Common Shares (in the event that the New Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Common Shares) unless the Corporation has obtained by a majority of votes casted by the Shareholders eligible to vote at a Shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates (the "**Disinterested Shareholders**");
- the aggregate number of Common Shares reserved for issuance under the New Stock Option Plan to any individual in any twelve (12) month period must not exceed five percent (5%) of the issued and outstanding Common Shares of the Corporation, unless the Corporation has obtained approval by a majority of votes casted by Disinterested Shareholders eligible to vote at a Shareholders' meeting;
- no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;

The following description of the material features of the New Stock Option Plan is qualified in its entirety by the full text of the New Stock Option Plan, a copy of which is attached to this Circular as Schedule "A". For greater certainty, please refer to the defined terms in Schedule "A" to compliment the reading of the following material features:

- Persons who are directors, officers, employees, management company employees, consultants or consultant companies to the Corporation or its Subsidiary Companies are eligible to receive grants of Options under the New Stock Option Plan;
- Options granted under the New Stock Option Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- For Options granted to employees of the Corporation, Consultants or individuals employed by a company or individual providing management services to the Corporation, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Corporation, Consultant or individual employed by a company or individual providing management services to the Corporation, as the case may be;
- all unvested Options held by a non-executive director of the Corporation shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease

to be exercisable on the earlier of the original Expiry Date of the Option and one (1) year after the date of his or her retirement from the Board;

- if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested option held by the Participant will automatically terminate and become void on Termination Date;
- if a Participant of the New Stock Option Plan dies, the legal representation of that Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and twelve (12) months after the date of the Participant's death. All unvested options become void on the date of death of such Participant;
- if a Participant ceases to be eligible under the New Stock Option Plan other than by reason of retirement, termination for Cause or death, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date. All unvested Options held by such Participant shall automatically terminate and become void on Termination Date of such Participant;
- notwithstanding the termination and nullity of unvested Options for Participants ceasing to be an Eligible Person, if a Participant is an officer of the Corporation and ceases to be an Eligible Person as a result of such officer's termination without cause or resignation for Good Reason, any unvested Options as of the Termination Date will be accelerated and become immediately fully vested as of such date;
- the exercise price of each Option shall be set by the Board at the time the Option is granted, but in no event shall it be less than the Market Price;
- if Options are granted within ninety (90) days of a distribution (the "**Distribution Period**") by the Corporation by prospectus, the minimum exercise price per Common Share of those Options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin (i) on the date the final receipt is issued for the final prospectus in respect of such distributions, or (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.
- the Board, in its discretion, in the event of an actual or potential Change of Control Event, may (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option; (iv) permit the exchange for or into any security or any other property or cash, any Option that has not been exercised without regard to any vesting conditions; and (v) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event;
- vesting of the Options shall be at the discretion of the Board; and
- the Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made (i) except in compliance with applicable law and with prior approval, if required, of the Exchange or any other regulatory body having authority over the Corporation, Plan or the Shareholders, and (ii) in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.

Except as indicated in the table Summary Compensation Tables, below, no share-based awards and option-based awards have been given to any of the directors or officers of Corporation during the fiscal year ended June 30, 2018. At the date of this Circular, there are 4,045,375 outstanding options.

Under the Corporation's Old Plan, 282,500 Common Shares vested to the Corporation's officers or directors during the fiscal year ended June 30, 2018. No option-based awards to the Corporation's officers or directors have vested at any time from June 30, 2018 to the date of this Circular.

### **Risk Oversight**

In carrying out its mandate, the Board reviews from time to time the risk implications of the Corporation's compensation policies and practices, including those applicable to the Corporation's executives. This review of the risk implications ensures that compensation plans, in their design, structures, and application have a clear link between pay and performance and do not encourage excessive risk taking. Key considerations regarding risk management include the following:

- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance incentives with equity-based awards that vest overtime;
- ensuring overall expense to the Corporation of the compensation program does not represent a disproportionate percentage of the Corporation's revenues, after giving consideration to the development stage of the Corporation; and
- utilizing compensation policies that do not rely solely on the accomplishment of specific tasks without consideration to longer term risks and objectives.

For reasons set forth above, the Board believes that the Corporation's current executive compensation policies and practices achieve an appropriate balance in relation to the Corporation's overall business strategy and do not encourage executives to expose the Corporation to inappropriate or excessive risks.

### **External Management Contracts**

#### ***Marrelli Consulting Agreement***

The Corporation has entered into a consulting agreement (the "**Marrelli Consulting Agreement**") with Carmelo Marrelli and Marrelli Support Services Inc. ("**MSSI**"), a private company, to provide the services of Mr. Marrelli as CFO of the Corporation. The term of the Marrelli Consulting Agreement commenced on July 14, 2013, and shall continue until terminated by either Mr. Marrelli or the Corporation. Pursuant to the Marrelli Consulting Agreement, Mr. Marrelli is entitled to receive monthly compensation of \$1,250 per month, and incentive stock option grants on a reasonable basis, consistent with the grant of options to other grantees. In addition, MSSI also provides bookkeeping services to the Corporation. Mr. Marrelli is the President of MSSI, and is not an employee of the Corporation. Other than what is provided for in this Circular, Mr. Marrelli received no other compensation from the Corporation.

The Corporation is also party to an agreement with DSA Corporate Services ("**DSA**"), which provides to the Corporation corporate secretarial and filing services. DSA is controllable by Mr. Marrelli the CFO of the Corporation and who is the corporate secretary and sole shareholder of DSA. During the year ended June 2018, the Corporation incurred \$21,730 under its contract with DSA.

### **Summary Compensation Table for NEOs**

The following tables provides information regarding NEO compensation for the Corporation the financial years ended June 30, 2018, 2017, and 2016:

Name and principal position	Year Ended Jun. 30	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation		All other compensation (\$)	Pension value (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans <sup>(2)</sup>			
Craig Leon <i>CEO and Chairman</i> <sup>(3)/(4)</sup>	2018	250,000	N/A	Nil	Nil	N/A	N/A	N/A	<b>250,000</b>
	2017	250,000	N/A	33,067 <sup>(5)</sup>	Nil	N/A	N/A	N/A	<b>283,067</b>
	2016	N/A	N/A	N/A	Nil	N/A	100,000	N/A	N/A
Fabio Chianelli <i>President</i> <sup>(6)/(7)</sup>	2018	250,000	N/A	Nil	Nil	N/A	N/A	N/A	<b>250,000</b>
	2017	250,000	N/A	22,045 <sup>(5)</sup>	Nil	N/A	N/A	N/A	<b>272,045</b>
	2016	250,000	N/A	N/A	Nil	N/A	N/A	N/A	<b>259,615</b>
Carmelo Marrelli <i>CFO</i>	2018	Nil	N/A	N/A	Nil	N/A	75,177 <sup>(8)</sup>	N/A	<b>75,177</b>
	2017	Nil	N/A	8,818 <sup>(5)</sup>	Nil	N/A	69,902 <sup>(9)</sup>	N/A	<b>78,720</b>
	2016	Nil	N/A	Nil	Nil	N/A	65,182 <sup>(10)</sup>	N/A	<b>65,182</b>

Notes:

- (1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model and weighted average assumptions. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation's share and option-based awards.
- (2) "Long term incentive plan" means any plan that provides compensation intended to motivate performance to occur over a period greater than one fiscal year, but does not include option or share-based awards.
- (3) Mr. Leon was appointed CEO effective July 1, 2016.
- (4) Mr. Leon also serves as Chairman of the Board of Directors of the Corporation.
- (5) On April 10, 2017, the Company granted 965,000 stock options to certain officers, directors, employees and consultants of the Company at an exercise price of \$0.28 per share expiring on April 10, 2027., of which Mr. Leon received 150,000, Mr. Chianelli received 100,000 and Mr. Marrelli received 40,000 options. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield 0%; volatility 119.21%; risk-free interest rates of 1.01%; and expected life of 4 years. The grant date fair value assigned to all of the options granted was \$212,732.
- (6) Mr. Chianelli also serves as a director of the Corporation.
- (7) Mr. Chianelli's annual salary is \$250,000.
- (8) Includes \$51,631 paid to MSSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and \$23,546 paid to DSA Corporate Services Inc. ("DSA") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSSI and principal of DSA.
- (9) Includes \$48,172 paid to MSSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and \$21,730 paid to DSA Corporate Services Inc. ("DSA") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSSI and principal of DSA.
- (10) Includes \$44,290 paid to MSSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and \$20,892 paid to DSA Corporate Services Inc. ("DSA") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSSI and principal of DSA.

## Incentive Plan Awards to NEOs

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

The following table sets out the outstanding option-based awards for each NEO as at June 30, 2018:

Name	No. of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Craig Leon	150,000	0.28	April 10, 2027	Nil
	150,000	0.60	Feb. 10, 2025	Nil
	300,000	0.66	Jan. 31, 2024	Nil
Fabio Chianelli	100,000	0.28	April 10, 2027	Nil
	100,000	0.60	Feb. 10, 2025	Nil
	75,000	0.66	Jan. 31, 2024	Nil
Carmelo Marrelli	40,000	0.28	April 10, 2027	Nil
	20,000	0.60	Feb. 10, 2025	Nil
	10,000	0.66	Jan. 31, 2024	Nil

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX-V on June 29, 2018, the last trading day of the year end, of \$0.20 and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based award to any NEO during the financial year ended June 30, 2017, and there are no share-based awards outstanding.

### *Value Vested or Earned During the Year*

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the financial year ended June 30, 2018

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Craig Leon	Nil	N/A	N/A
Fabio Chianelli	Nil	N/A	N/A
Carmelo Marrelli	Nil	N/A	N/A

Notes:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

### **Pension Plan Benefits**

As at the date of this Circular, the Corporation does not have a pension plan.

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

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's employment with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities following a change in control.



### **Craig Leon**

Pursuant to the executive employment agreement between the Corporation and Craig Leon dated July 1, 2016, in the event that Mr. Leon's employment is terminated by the Corporation without cause, the Corporation shall pay to Mr. Leon within 30 days of termination, (a) a lump sum severance payment equal to (i) Mr. Leon's annual salary at the time of termination and (ii) any bonus payment made or declared to Mr. Leon during the previously completed fiscal year, and (b) a payment in the amount of the annual bonus that would be payable to Mr. Leon assuming completion of all milestones during the year of termination, prorated for the period of Mr. Chianelli's employment in such year. In addition, the Corporation shall continue Mr. Leon's group insured benefits until the earlier of (i) 12 months following termination, and (ii) the date that Mr. Chianelli obtains new coverage through alternate employment. The foregoing payments and benefits shall also be payable to Mr. Leon within 30 days of termination if, following completion of a Change of Control (as defined below), Mr. Leon ceases to be employed by the Corporation for any reason (including by voluntary resignation) other than termination for cause.

### **Fabio Chianelli**

Pursuant to the executive employment agreement between the Corporation and Fabio Chianelli dated January 1, 2014, and amended February 17, 2015 and July 5, 2016, in the event that Mr. Chianelli's employment is terminated by the Corporation without cause, the Corporation shall pay to Mr. Chianelli within 30 days of termination, (a) a lump sum severance payment equal to (i) Mr. Chianelli's annual salary at the time of termination and (ii) any bonus payment made or declared to Mr. Chianelli during the previously completed fiscal year, and (b) a payment in the amount of the annual bonus that would be payable to Mr. Chianelli assuming completion of all milestones during the year of termination, prorated for the period of Mr. Chianelli's employment in such year. In addition, the Corporation shall continue Mr. Chianelli's group insured benefits until the earlier of (i) 12 months following termination, and (ii) the date that Mr. Chianelli obtains new coverage through alternate employment. The foregoing payments and benefits shall also be payable to Mr. Chianelli within 30 days of termination if, following completion of a Change of Control (as defined below), Mr. Chianelli ceases to be employed by the Corporation for any reason (including by voluntary resignation) other than termination for cause.

A "Change of Control" is defined in Mr. Leon's and Mr. Chianelli's employment agreements as any of the following events: (a) if a person directly or indirectly acquires shares of the Corporation conferring 50% or more of the vote entitling such person to elect a majority of the Board by means of (i) a take-over bid made in accordance with the applicable provisions of the *Securities Act* (Ontario); (ii) stock market transactions; (b) a business combination of the Corporation with another entity which results in the holders of voting securities of the other entity holding 50% or more of the votes attached to outstanding voting securities of the resulting issuer; (c) if the individuals making up the Board as at effective dates of each of the relevant agreements (July 1, 2016 in case of Leon's agreement and January 8, 2014 in case of Mr. Chianelli's agreement), and any new director appointed by the Board, or whose candidacy, presented by the Shareholders, was confirmed by a vote of at least three-fourths of the directors then in office or who were in office as effective date of relevant agreement, cease to constitute a majority of the members of the Board; (d) sale, lease, or exchange of all or substantially all of the assets of the Corporation, except in the ordinary course of business; and (e) any other transaction deemed to be a Change of Control for the purposes of the employment agreement in the Board's discretion.

### **Director Compensation**

Directors of the Corporation are not paid for their services as directors or as members of committees of the Board. However, they are eligible to receive option grants as determined by the Board pursuant to the Option Plan.

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the financial year ended June 30, 2018:

<b>Name<sup>(1)</sup></b>	<b>Fees Earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards<sup>(2)</sup> (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total<sup>(3)</sup> (\$)</b>
William Jackson	N/A	N/A	Nil	N/A	N/A	N/A	Nil

Carlo Sansalone	N/A	N/A	Nil	N/A	N/A	N/A	Nil
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Notes:

- (1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any compensation received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation is reflected in the Summary Compensation Table for NEOs.
- (2) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation's share and option-based awards.
- (3) This table does not include any amount paid as reimbursement for expenses.

## Incentive Plan Awards to Directors

### *Outstanding Share Awards and Option Awards*

The following table sets out the outstanding option-based awards for each director as at June 30, 2018:

Name <sup>(1)</sup>	No. of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)
William Jackson	150,000	0.28	April 10, 2027	Nil
	150,000	0.60	Feb. 10, 2025	Nil
	100,000	0.66	Jan. 31, 2024	Nil
Carlo Sansalone	100,000	0.28	April 10, 2027	Nil
	100,000	0.60	Feb. 10, 2025	Nil
	75,000	0.66	Jan. 31, 2024	Nil
	40,375	0.30	Jul. 9, 2023	Nil

Notes:

- (1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any share and option awards received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation are reflected in the Summary Compensation Table for NEOs.
- (2) Calculated using the closing price of the Common Shares on the TSX-V on June 29, 2018 of \$0.20, the last trading day of the year end, and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based awards during the financial year ended June 30, 2018, and there are no share-based awards outstanding.

### *Value Vested or Earned During the Year*

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2018:

Name	Option-based awards – Value vested during the year <sup>(2)</sup> (\$)	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
William Jackson	Nil	N/A	N/A
Carlo Sansalone	Nil	N/A	N/A

Notes:

- (1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any value vested received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation is reflected in the Summary Compensation Table for NEOs.
- (2) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the number of Common Shares authorized for issuance pursuant to the Corporation's equity compensation plans as at June 30, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	3,470,375 Common Shares	\$0.41	2,369,753 Common Shares <sup>(2)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	3,470,375	\$0.41	2,369,753 Common Shares

Notes:

- (1) The Corporation's only equity compensation plan is the Option Plan, a rolling stock option plan. The number of shares which may be reserved for issuance under the Option Plan is limited to 10% of the issued and outstanding Common Shares on the options grant date. For more information about the material features of the Option Plan, see "*Business of the Meeting – 4. Approval of Stock Option Plan*" above.
- (2) Based on 58,401,282 Common Shares outstanding as at June 30, 2018.

### STATEMENT OF CORPORATE GOVERNANCE

The description of the Corporation's current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

#### Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship that could be, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently composed of four directors, being Craig Leon (Chair), Fabio Chianelli, Carlo Sansalone, and William Jackson. The Board has determined that each of Messrs. Sansalone and Jackson are independent within the meaning of NI 58-101. Mr. Chianelli and Mr. Leon are not considered independent within the meaning of NI 58-101 because they are executive officers (as such term is defined in NI 58-101) of the Corporation and are thereby considered to have a material relationship with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings of the independent directors as deemed necessary, at which non-independent directors and members of management are not in attendance.

## Other Public Company Directorships

Name of Director	Reporting Issuer	Exchange traded on
Craig Leon	Revelstoke Equity Inc.	TSX-V
William Jackson	Titan Medical Inc.	TSX
	Covalon Technologies Ltd.	TSX-V

## Orientation and Continuing Education of Board Members

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an ad hoc and informal basis. The directors believe that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, the number, experience and expertise of its directors.

## Ethical Business Conduct

The directors maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the *Business Corporations Act* (Ontario).

## Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the board of directors. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the board of directors from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

## Compensation

The Board is directly responsible for determining compensation of directors and management. The Board does not currently have a compensation committee. The Board reviews the Corporation's compensation policies and remuneration of directors and management annually, including base salaries, bonuses, and stock option plans including the Option Plan and grants thereunder, and other forms of compensation. For more information on the Corporation's compensation practices, please see the section of this Circular entitled "*Executive Compensation*".

## Other Board Committees

The Board has no standing committees other than the Audit Committee.

## Assessments

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the directors believe that nomination to the Board is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including

processes and effectiveness; and (ii) the performance of the Chairman, if any, of the Board. A more formal assessment process will be instituted if and when the Board considers it to be advisable.

### **AUDIT COMMITTEE INFORMATION**

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

The audit committee of the Corporation’s board of directors (“**Audit Committee**”) is responsible for monitoring the Corporation’s systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation’s external auditors. The committee is also responsible for reviewing the Corporation’s annual audited financial statements, unaudited quarterly financial statements and management’s discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors.

#### **Audit Committee Charter**

The full text of the charter of the Audit Committee is attached hereto as Schedule “B”.

#### **Composition of the Audit Committee**

The members of the Audit Committee are William Jackson (Chair), Craig Leon, and Carlo Sansalone. Mr. Jackson and Mr. Sansalone are considered independent within the meaning of NI 52-110. Mr. Leon is not considered independent because he is an executive officer (as such term is defined in NI 52-110) of the Corporation. Each member of the Audit Committee is considered to be financially literate within the meaning of NI 52-110, which includes 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 Corporation’s financial statements.

#### **Relevant Education and Experience**

The following table summarizes the relevant education and experience of the members of the Audit Committee:

<b>Name of Member</b>	<b>Education</b>	<b>Experience</b>
William Jackson (Chair)	Undergraduate and Graduate degrees Business and Accounting University of Western Ontario (1980) and University of Windsor (1982)	Mr. Jackson has over 20 years’ experience with private and public companies, including senior management positions and directorships, and as such he has a comprehensive understanding of the accounting principles used by such companies to prepare financial statements.
Craig Leon	B.A., McGill University (1990); M.B.A., York University (1993).	Mr. Leon brings extensive financial management and risk assessment experience to the Audit Committee. He has served as CEO and Chairman of the Board of Titan Medical Inc., a publicly-listed medical device company, and as CFO and COO of Redwood Asset Management Inc. from August 2003 to July 2009. Mr. Leon has held a variety of financial analysis and management positions, and has acted as a consultant for evaluating strategic investment opportunities and potential acquisition candidates. As such, he has experience in preparing, analyzing and evaluating financial statements
Carlo Sansalone	B.Comm., Ryerson University (2000).	Mr. Sansalone has acquired knowledge of effective financial management best practices and an understanding of how to help make a company cost-competitive and profitable through education, and experience as president of Sansalone Construction Ltd.

## External Auditor Matters

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors have not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

The following table discloses the service fees billed to the Corporation by its external auditor during the last two completed financial years:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
June 30, 2018	\$20,000	Nil	4,000	Nil
June 30, 2017	\$15,000	Nil	Nil	Nil

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) The aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements and related documents.
- (3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.
- (4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

## Exemption

Since the Corporation is a "venture issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended June 30, 2018, no director, executive officer, or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended June 30, 2018, which are also available on SEDAR.

Inquiries, including requests for copies of the Corporation's financial statements and management's discussion and analysis for the year ended June 30, 2018, may be directed to the Corporation by telephone at 1 (905) 605-5535.

**APPROVAL**

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

**DATED** this 6<sup>th</sup> day of November, 2018

**BY ORDER OF THE BOARD OF DIRECTORS OF  
REVIVE THERAPEUTICS LTD.**

*(signed) "Fabio Chianelli"*

Fabio Chianelli  
President

## SCHEDULE “A”

### REVIVE THERAPEUTICS LTD.

#### STOCK OPTION PLAN

#### SECTION 1 GENERAL PROVISIONS

##### 1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “**Applicable Withholdings and Deductions**” has the meaning given to that term in Section 1.10;
- (b) “**Associate**” has the meaning ascribed to that term such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (c) “**Associated Companies**”, “**Affiliated Companies**”, “**Controlled Companies**” and “**Subsidiary Companies**” have the meanings ascribed to those terms under Section 1(1) of the Securities Act (Ontario);
- (d) “**Board**” has the meaning given to that term in Section 1.3(c);
- (e) “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in Ontario;
- (f) “**Cause**” means (i) if the Participant has a written employment agreement with the Corporation or a Subsidiary Company of the Corporation in which “cause” is defined, “cause” as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Corporation’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Corporation; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (g) “**Certificate**” has the meaning given to that term in Section 1.3(d);
- (h) “**Change of Control Event**” means:
  - (i) *The sale by the Corporation of all or substantially all of its assets;*
  - (ii) *The acceptance by the Shareholders, representing in the aggregate fifty percent (50%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;*
  - (iii) *The acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then-owned Common Shares and rights to Common Shares, if any, represent (assuming*



*the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Common Shares;*

- (iv) *The entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;*
  - (v) *The passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or*
  - (vi) *The circumstance in which individuals who were members of the Board immediately prior to a meeting of the Shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election;*
- (i) “**Code**” has the meaning given to that term in Section 3.1;
  - (j) “**Common Shares**” means the common shares in the capital of the Corporation;
  - (k) “**Corporation**” means Revive Therapeutics Ltd.;
  - (l) “**Consultant**” has the meaning given to such term in Policy 4.4;
  - (m) “**Consultant Company**” has the meaning given to such term in Policy 4.4;
  - (n) “**Disinterested Shareholder Approval**” means the approval of a majority of shareholders of the Corporation voting at a duly called and held meeting of such shareholders, excluding votes of Insiders to whom options may be granted under the Plan;
  - (o) “**Eligible Person**” means:
    - (i) *any director, officer, employee or Consultant of the Corporation or any of its Subsidiary Companies; and*
    - (ii) *any Personal Holding Company;*
  - (p) “**Eligible U.S. Participants**” has the meaning given to that term in Section 3.1;
  - (q) “**Exercise Price**” has the meaning given to that term in Section 2.2;
  - (r) “**Expiry Date**” has the meaning given to that term in Section 2.3(b);
  - (s) “**Good Reason**” means, in respect of an officer of the Corporation who has been granted Options under this Plan, solely one of the following events, without such officer’s written consent:
    - (i) *a material diminution in such officer’s position, duties or authorities;*

- (ii) *the assignment of any duties that are materially inconsistent with the officer's role as a senior executive; or*
  - (iii) *a material reduction in the officer's compensation, other than an across the board reduction of not more than 5% that is generally applicable to all executives.*
- (t) **"Insider"** means:
- (i) *an insider as defined under Section 1(1) of the Securities Act (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary Company of the Corporation, and*
  - (ii) *an associate as defined under Section 1(1) of the Securities Act (Ontario) of any person who is an insider by virtue of (i) above;*
- (u) **"Investor Relations Activities"** has the meaning given to such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (v) **"Market Price"** means:
- (i) *If the Common Shares are not listed on a Stock Exchange, such price as is determined by the Board to constitute their fair market value, using such reasonable valuation mechanism as it selects; and*
  - (ii) *If the Common Shares are listed on a Stock Exchange, the closing price of the Common Shares as reported on the TSXV on the last Business Day preceding the date on which the Option is granted by the Corporation (or, if such Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange in Canada on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Board); provided, however, that the Exercise Price of an Option shall not be less than the minimum Exercise Price required by the applicable rules of the TSXV. In the event that the Common Shares did not trade on such Business Day, the Market Price shall be the average of the bid and ask prices in respect of the Common Shares at the close of trading on such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion;*
- (w) **"Option"** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- (x) **"Option Period"** has the meaning given to that term in Section 2.3(a);
- (y) **"Participant"** means an Eligible Person to whom Options have been granted;
- (z) **"Personal Holding Company"** means a personal holding corporation that is either wholly owned, or controlled by, the Participant, and the shares of which are held directly or indirectly by any of the Participant or the Participant's spouse, minor children and/or minor grandchildren;
- (aa) **"Plan"** means this Incentive Stock Option Plan of the Corporation;
- (bb) **"Policy 4.4"** means Policy 4.4 of the TSXV and any amendment thereto or replacement thereof;
- (cc) **"Share Compensation Arrangement"** means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

- (dd) “**Shareholders**” means holders of Common Shares;
- (ee) “**Stock Exchange**” means the TSXV, and any other stock exchange on which the Common Shares are listed or traded;
- (ff) “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person; and
- (gg) “**TSXV**” means the TSX Venture Exchange.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **1.2 Purpose**

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Subsidiary Companies; and (v) attracting new directors, employees and officers.

## **1.3 Administration**

- (a) This Plan shall be administered by the Board.
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to (i) construe and interpret this Plan and all agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) The Board shall be permitted, through the establishment of appropriate procedures, to monitor the trading of Common Shares by persons who are performing Investor Relations Activities for the Corporation and who have been granted Options pursuant to this Plan.
- (d) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Whenever used herein, the term “Board” means the board of directors of the Corporation, and shall be deemed to include any committee or director to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 1.3.
- (e) An Option shall be evidenced by an incentive stock option agreement certificate (“Certificate”), signed on behalf of the Corporation, which Certificate shall be in such form as the Board shall approve from time to time.
- (f) No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted under it.

#### 1.4 Shares Reserved

- (a) Subject to Section 1.4(d), the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Common Shares.
- (b) The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.
- (c) At such time as the Common Shares are listed on the TSXV, the aggregate number of Common Shares issuable under this Plan, and under all other Share Compensation Arrangements, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Any Common Shares subject to an Option which has been exercised by a Participant, shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Fractional shares will not be issued and will be treated as specified in Section 1.11(d).
- (d) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject where required to the prior approval of the Stock Exchange, appropriate substitution or adjustment in:
  - (i) *the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and*
  - (ii) *the number and kind of Common Shares or other securities subject to unexercised Options theretofore granted and in the Exercise Price of such securities;*

without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Common Share covered by the Option; provided, however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with another corporation or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

#### 1.5 Limits with Respect to Certain Persons

- (a) The maximum number of Common Shares which may be issued to:
  - (i) *any Consultant in any twelve (12) month period under this Plan may be no more than two percent (2%) of the outstanding Common Shares of the Corporation; and*
  - (ii) *all Persons conducting Investor Relations Activities for the Corporation in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Common Shares of the Corporation,*

less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation.

- (b) Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the options vesting in any three (3) month period.

## 1.6 Amendment and Termination

- (a) The Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made:
  - (i) *except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders; and*
  - (ii) *in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.*
- (b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- (c) Subject to any applicable rules of the Stock Exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to the Plan or any Option:
  - (i) *amend the vesting provisions of the Plan and any Certificate;*
  - (ii) *amend the Plan or an Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders;*
  - (iii) *any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; and*
  - (iv) *any amendment respecting the administration of the Plan.*
- (d) Shareholder approval is required for the following amendments to the Plan:
  - (i) *any extension of the Expiry Date of an Option held by an Insider; and*
  - (ii) *any change that would materially modify the eligibility requirements for participation in the Plan.*
- (e) Disinterested Shareholder Approval is required for the following amendments to the Plan:
  - (i) *any individual stock option grant that would result in any of the limitations set forth in Section 1.4(c) of this Plan being exceeded; and*
  - (ii) *any individual stock option grant that would result in the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options exceeding ten percent (10%) of the issued Common Shares, calculated on the date an Option is granted to any Insider; and*
  - (iii) *any individual stock option grant that would result in the number of Common Shares issued to any individual in any twelve (12) month period under this Plan exceeding five percent (5%) of*

*the issued Common Shares of the Corporation, less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation; and*

- (iv) *any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of the Options; and*
- (v) *any individual stock option grant requiring Shareholder approval pursuant to section 3.9(e) of Policy 4.4.*

For the purposes of the limitations set forth in items (ii) and (iv), Options held by an Insider at any point in time that were granted to such Participant prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Participant was not an Insider at the time of grant.

## **1.7 Compliance with Legislation**

- (a) The Plan (including an amendment to the Plan), the terms of the issue or grant of any Option under the Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Common Shares upon the exercise of Options, shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (b) No Option shall be granted, and no Common Shares issued hereunder, where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Common Shares hereunder in violation of this provision shall be void.
- (c) The Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (d) If Common Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

## **1.8 Effective Date**

The Plan shall be effective upon the approval of the Plan by:

- (i) *The Stock Exchange and any other exchange upon which the Common Shares of the Corporation may be posted or listed for trading, and shall comply with the requirements from time to time of the Stock Exchange; and*
- (ii) *the Shareholders, by written resolution signed by all Shareholders or given by the affirmative vote of a majority of the votes attached to the Common Shares entitled to vote and be represented and voted at an annual or special meeting of Shareholders held, among other things, to consider and approve the Plan.*

## **1.9 Proceeds from Exercise of Options**

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

## **1.10 Tax Withholdings**

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by a Participant from time to time, as a condition to such exercise (i) the Corporation shall require such Participant to pay to the Corporation or the relevant Subsidiary Company an amount as necessary so as to ensure that the Corporation or such Subsidiary Company, as applicable, is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions (the “Applicable Withholdings and Deductions”) relating to the exercise of such Options; or (ii) in the event a Participant does not pay the amount specified in (i), the Corporation shall be permitted to engage a broker or other agent, at the risk and expense of the Participant, to sell an amount of underlying Common Shares issuable on the exercise of such Option through the facilities of the Stock Exchange, and to apply the cash received on the sale of such underlying Common Shares as necessary so as to ensure that the Corporation or the relevant Subsidiary Company, as applicable, is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Subsidiary Company, as applicable, shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Subsidiary Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such Options.

## **1.11 Miscellaneous**

- (a) Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or compensation arrangements, subject to any required approval.
- (b) The Corporation may only grant options pursuant to resolutions of the Board.
- (c) In determining options to be granted to Participants, the Board shall give due consideration to the value of each such Participant’s present and potential contribution to the success of the Corporation.
- (d) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares or any rights as a Shareholder or any other legal or equitable right against the Corporation or any of its Subsidiary Companies whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (e) The Plan does not give any Participant or any employee of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to or to continue to serve as a Consultant, director, officer or employee, as the case may be, to or of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation other than as specifically provided for in the Plan. The grant of an Option to, or the exercise of an Option by, a Participant under the Plan does not create the right for such Participant to receive additional grants of Options hereunder.
- (f) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, or from an adjustment pursuant to Section 1.4(d) such Participant shall only have the right to purchase the next lowest whole number of Common Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (g) The Corporation makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting the Participant resulting from the grant or

exercise of an Option and/or transactions in the Common Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, with respect to any fluctuations in the market price of Common Shares or in any other manner related to the Plan.

- (h) This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (i) If any provision of this Plan shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Plan and the remaining provisions shall continue in full force and effect.
- (j) This Plan constitutes the entire stock option plan for the Corporation and its Participants and supersedes any prior stock option plans for such persons.

## **SECTION 2    OPTIONS**

### **2.1    Grants**

- (a) Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 1.3(b) and Section 2.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.
- (b) The Board may, in its discretion, select any directors, officers, employees or Consultants of or to the Corporation or Subsidiary Companies of the Corporation to participate in this Plan.
- (c) For Options granted to employees of the Corporation, Consultants or individuals employed by a company or individual providing management services to the Corporation, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Corporation, Consultant or individual employed by a company or individual providing management services to the Corporation, as the case may be.
- (d) The Board may from time to time, in its discretion, grant Options to any Participant upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine, provided that Options granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval.

### **2.2    Exercise Price**

- (a) An Option may be exercised at a price (the “Exercise Price”) that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Market Price. The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 1.4(d) hereof.
- (b) if Options are granted within ninety (90) days of a distribution (the “Distribution Period”) by the Corporation by prospectus, the minimum exercise price per Common Share of those options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin:
  - (i) *on the date the final receipt is issued for the final prospectus in respect of such distribution; and*
  - (ii) *in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.*



## 2.3 Exercise of Options

- (a) The period during which an Option may be exercised (the “Option Period”) shall be determined by the Board at the time the Option is granted, subject to any vesting limitations that may be imposed by the Board in its sole and unfettered discretion at the time such Option is granted, provided that:
- (i) *no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;*
  - (ii) *the Option Period shall be automatically reduced in accordance with Section 2.3(g) below upon the occurrence of any of the events referred to therein; and*
  - (iii) *no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be exercisable until such time as such Option has been approved by the Shareholders.*
- (b) Notwithstanding any other provision of the Plan, if the date that any vested Option ceases to be exercisable (the “Expiry Date”) falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option shall be automatically extended to the tenth (10<sup>th</sup>) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.
- (c) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option, including for greater certainty permitting Participants to exercise any Option, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; (iv) permit the exchange for or into any other security or any other property or cash, any Option that has not been exercised without regard to any vesting conditions attached thereto; and (v) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event. In addition, in the event of an actual or potential Change of Control Event, the Board, or any company which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares upon such Change of Control Event becoming effective, may in its discretion, without the necessity or requirement for the agreement of any Participant, issue a new or replacement options over any securities into which the Options are exercisable, on a basis proportionate to the number of Common Shares underlying such Option and at a proportionate Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall be deemed to have released his or her Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled.
- (d) Notwithstanding any other provision of this Plan, in the event that:
- (i) *an actual or potential Change of Control Event is not completed within the time specified therein; or*
  - (ii) *all of the Common Shares subject to an Option that were tendered by a Participant in connection with an actual or potential Change of Control Event are not taken up or paid for by the offeror in respect thereof,*

then the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant, permit the Common Shares received upon such exercise, or in the case of Subsection (ii) above the Common Shares that are not taken up and paid for, to be returned by the Participant to the Corporation and reinstated as authorized but unissued Common Shares and, with respect to such returned Common Shares, the related Options may be reinstated as if they had not been exercised and the terms for such Options becoming vested will be reinstated pursuant to this Section 2.3. If any Common Shares are returned to the Corporation under this Section 2.3, the Corporation will immediately refund the Exercise Price to the Participants for such Common Shares.

- (e) Options shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- (f) Provided that the Common Shares are listed on the TSXV, if the Participant is a company, including a Consultant Company, the company shall not be permitted to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class of the company to any individual or entity as long as the options remain outstanding, except where the written consent of the TSXV has been obtained.
- (g) Subject to Section 2.3(a) and except as otherwise determined by the Board:
  - (i) if a Participant who is a non-executive director of the Corporation ceases to be an Eligible Person as a result of his or her retirement from the Board, each unvested Option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and one (1) year after the date of his or her retirement from the Board;
  - (ii) if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested Option held by the Participant will automatically terminate and become void on the Termination Date;
  - (iii) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and 12 months after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death. For greater certainty, all unvested Options held by a Participant who dies shall terminate and become void on the date of death of such Participant;
  - (iv) if a Participant ceases to be an Eligible Person for any reason whatsoever other than in (i) to (iv) above, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date; provided that all unvested Options held by such Participant shall automatically terminate and become void on the Termination Date of such Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant; and
  - (v) notwithstanding any provision in this Section 2.3(g) to the contrary, if a Participant who is an officer of the Corporation ceases to be an Eligible Person as a result of such officer's termination without Cause or resignation for Good Reason, any unvested Options as of the date of termination will be accelerated and become immediately fully vested as of such date. Such options will be exercisable by the officer for a period of up to one (1) year following the date of termination.
- (h) The Exercise Price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number

of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.

- (i) Upon the exercise of Options pursuant to this section, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Participant (or his or her legal or personal representative) or to the order thereof, a certificate representing the number of Common Shares with respect to which Options have been exercised.
- (j) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

## **2.4 Notice**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation in Toronto, Ontario, Attention: Chief Executive Officer; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

## **2.5 Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any underlying Common Shares issuable upon exercise of such Option, including without limitation, the right to participate in any new issue of Common Shares to existing holders of Common Shares, until such Option has been exercised and such underlying Common Shares have been paid for in full and issued to such person.

## **2.6 Right to Issue Other Shares**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure.

## **2.7 Quotation of Common Shares**

So long as the Common Shares are listed on the TSXV, the Corporation must apply to the TSXV for the listing or quotation of the Common Shares issued upon the exercise of all Options granted under the Plan, however, the Corporation cannot guarantee that such Common Shares will be listed or quoted on the TSXV.

# **SECTION 3 SPECIAL RULES FOR U.S. ELIGIBLE PERSONS**

## **3.1 Section 409A Compliance**

Notwithstanding any other provision of this Plan, the following special rules will apply to all Eligible Persons (“Eligible U.S. Participants”) who are subject to U.S. income tax with respect to Options issued under the Plan to them:

- (a) All Options granted under this Plan to Eligible U.S. Participants are intended to be exempt from Section 409A of the United States Internal Revenue Code of 1986, as amended (the “Code”) and will be construed accordingly. However, the Corporation will not be liable to any Eligible U.S. Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A or other provision of the Code; and
- (b) The Exercise Price for all Options granted to Eligible U.S. Participants shall in no event be less than the greater of (i) the Market Price; and (ii) the closing price of the Common Shares as reported on the TSX on the business day immediately preceding the day on which the Option is granted.

**STOCK OPTION AGREEMENT**

This Stock Option Agreement is dated this ● day of ●, 20● between Revive Therapeutics Ltd. (the “Corporation”) and [Name] (the “Optionee”).

**WHEREAS** the Optionee has been granted certain options (“Options”) to acquire common shares in the capital of the Corporation (“Common Shares”) under the Revive Therapeutics Ltd. Incentive Stock Option Plan (the “Option Plan”), a copy of which has been provided to the Eligible Optionee;

**AND WHEREAS** capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to, the terms and conditions of the Option Plan:

<b>DATE OF GRANT</b>	<b>NUMBER OF OPTIONS</b>	<b>EXERCISE PRICE (CDN\$)</b>	<b>VESTING SCHEDULE</b>	<b>EXPIRY DATE</b>
●	●	●	●	●

2. Attached to this Agreement as Schedule “A1”**Error! Reference source not found.** is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 2.3 of the Option Plan at any time and from time to time prior the Expiry Date of such Options.
3. By signing this Stock Option Agreement, the Optionee acknowledges that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Agreement.
4. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence of this Agreement. This Agreement shall enure to the benefit of and shall be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

**REVIVE THERAPEUTICS LTD.**

\_\_\_\_\_  
Name of Optionee:

\_\_\_\_\_  
Authorized Signing Officer

**SCHEDULE "A1"**  
ELECTION TO EXERCISE STOCK OPTIONS

**TO: REVIVE THERAPEUTICS LTD. (THE "CORPORATION")**

The undersigned option holder hereby irrevocably elects to exercise options ("**Options**") granted by the Corporation to the undersigned pursuant to a Stock Option Agreement dated ●, 20● for the number of common shares in the capital of the Corporation ("**Common Shares**") as set forth below:

Number of Common Shares to be Acquired: \_\_\_\_\_

Option Exercise Price (per Common Share):

\$ \_\_\_\_\_

Aggregate Purchase Price:

\$ \_\_\_\_\_

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount)(the "**Applicable Withholdings and Deductions**"):

\$ \_\_\_\_\_

Or check here if alternative arrangements have been made with the Corporation with respect to the payment of Applicable Withholdings and Deductions;

and hereby tenders a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Common Shares to be registered and a certificate therefore to be issued in the name of \_\_\_\_\_.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

## SCHEDULE “B”

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### I. PURPOSE

The Audit Committee is a committee of the board of directors (the “**Board**”) of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis (“**MD&A**”) and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company’s external auditor;
- (c) recommending the appointment and compensation of the Company’s external auditor, overseeing the external auditor’s qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company’s financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“**GAAP**”), to conduct investigations, or to assure compliance with laws and regulations or the Company’s internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

#### II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, a majority of whom shall be independent within the meaning of National Instrument 52-110 – Audit Committees (“**NI 52-110**”) of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the Business Corporations Act (Ontario) (the “**OBCA**”) the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.
4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.

5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

### **III. DUTIES AND RESPONSIBILITIES**

1. The Audit Committee shall review and recommend to the Board for approval:
  - (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
  - (b) press releases of the Company that contain financial information;
  - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit
  - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release; and
  - (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.
2. The Audit Committee, in fulfilling its mandate, will:
  - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
  - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
  - (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
  - (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
  - (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
  - (f) review the annual audit plans of the internal and external auditors of the Company;
  - (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
  - (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;

- (i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
  - (j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
  - (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
  - (l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
  - (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
  - (n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
  - (o) review the expenses of the Chairman and President of the Company annually;
  - (p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and
  - (q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

#### **IV. MEETING PROCEDURES**

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.
2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.



3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.