



# **PREVECEUTICAL MEDICAL INC.**

## **Notice of Annual Meeting**

**And**

## **Management Information Circular**

**With respect to the Annual Meeting of Shareholders**

**To be held on February 5, 2021**

**December 21, 2020**

# PreveCeutical Medical Inc.

## Notice of Annual Meeting of Shareholders

NOTICE is hereby given that the annual general meeting (the "Meeting") of shareholders of PreveCeutical Medical Inc. (the "Company") will be held at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, on, Friday, February 5, 2021, at 10:00 a.m. (PST) ("Meeting"), or at any adjournment or postponement thereof, for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019 (with comparative statements relating to the preceding fiscal period), and report of the auditors' thereon;
2. To appoint Smythe LLP, Chartered Professional Accountants as auditor of the Company for the fiscal year ending December 31, 2020, and to authorize the directors to fix the auditor's remuneration.
3. To fix the number of directors for the ensuing year at four (4);
4. To elect the directors for the ensuing year;
5. To consider and, if thought fit, to pass, with or without variation, an ordinary resolution to approve the Company's 10% Rolling Stock Option Plan; and
6. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the management information circular (the "Circular") accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items. This Notice of Meeting is accompanied by the Circular, a form of proxy and a supplemental mailing list return card.

**In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company will not be permitting attendance in person. This decision has been made in keeping with the Company's objective of "Zero Harm –Safer Every Day!" and its focus on the health and safety of its employees, contractors and visitors in line with our corporate value of safety. Shareholders are urged to vote on the matters before the Meeting by proxy and to listen to the Meeting through the telephone conference access details provided below.**

The record date for determination of the Company's shareholders entitled to receive notice of and to vote at the Meeting is Friday, December 18, 2020 (the "Record Date"). Only holders of record of common shares of the Company at the close of business on the Record Date will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment or postponement thereof. Only the matters referred to in this Notice of Meeting will be addressed at the Meeting. There will be no additional presentations at the Meeting.

Proxies to be used at the Meeting must be deposited with the Company, c/o the Company's transfer agent, TSX Trust Company, at Suite 301 - 100 Adelaide Street West, Toronto, Ontario, Canada, M5H no later than 10:00 a.m. (PST) on Wednesday, February 3, 2021, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Meeting or any adjournment(s) thereof is held, unless the chairman of the Meeting elects to exercise his or her discretion to accept proxies received subsequently.

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion, and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

Non-registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

Shareholders participating via teleconference will not be able to vote at the Meeting as the Company's scrutineer must take steps to verify the identity of shareholders or proxyholders using video features. Accordingly, we recommend that you vote by proxy or voting instruction form in advance of the Meeting. The form of proxy accompanies this Notice of Meeting. The audited consolidated financial statements and related MD&A for the Company for the financial year ended December 31, 2019 have already been mailed to those shareholders who have previously requested to receive them. Otherwise, they are available upon request to the Company or they can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Telephone Conference Access Details**

Shareholders can listen to the Meeting by telephone by dialing-in to the conference line using the dial-in details set out below:

Dial-In Number (local and toll-free for North America): 1-877-385-4099

Meeting password: 7612355

The Company reserves the right to take any additional precautionary measures in relation to the Meeting in response to further developments in respect of the COVID-19 pandemic that the Company considers necessary or advisable including changing the time, date or location of the Meeting.

DATED at Vancouver, British Columbia, this 21<sup>st</sup> day of December, 2020.

### **BY ORDER OF THE BOARD OF DIRECTORS**

"Stephen Van Deventer"

Stephen Van Deventer

*Chairman, Chief Executive Officer and Director*

# PREVECEUTICAL MEDICAL INC.

Suite 2601 - 588 Broughton Street  
Vancouver, British Columbia, Canada, V6G 3E3  
Telephone: 604-416-7777

## MANAGEMENT INFORMATION CIRCULAR

### GENERAL PROXY INFORMATION AND CIRCULAR DISCLOSURE

#### Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies being undertaken by the management of PreveCeutical Medical Inc. (the “Company” or “PreveCeutical”) for use at the annual meeting of the Company’s shareholders to be held on Friday, February 5, 2021 (the “Meeting”) at the time and location and for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the “Notice”) or at any adjournment or postponement thereof.

Management’s solicitation of proxies will primarily be by mail and may be supplemented by telephone or other means of communication to be made, without compensation other than their regular fees or salaries, by directors, officers and employees of the Company. The cost of solicitation by management will be borne by the Company.

The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. All costs of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

All references to dollar amounts or "\$" are references to lawful money of Canada, unless otherwise stated.

**In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company will not be permitting attendance in person. This decision has been made in keeping with the Company’s objective of “Zero Harm –Safer Every Day!” and its focus on the health and safety of its employees, contractors and visitors in line with our corporate value of safety. Shareholders are urged to vote on the matters before the Meeting by proxy and to listen to the Meeting through the telephone conference access details provided below.**

The record date for determination of the Company's shareholders entitled to receive notice of and to vote at the Meeting is Friday, December 18, 2020. Only holders of record of common shares of the Company at the close of business on December 18, 2020 will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment or postponement thereof. Only the matters referred to in the accompanying Notice of Meeting will be addressed at the Meeting. There will be no additional presentations at the Meeting.

Shareholders participating via teleconference will not be able to vote at the Meeting as the Company's scrutineer must take steps to verify the identity of shareholders or proxyholders using video features. Accordingly, we recommend that you vote by proxy or voting instruction form in advance of the Meeting. The form of proxy accompanies the Circular. The audited consolidated financial statements and related MD&A for the Company for the financial year ended December 31, 2019 have already been mailed to those shareholders who have previously requested to receive them. Otherwise, they are available upon request to the Company or they can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Telephone Conference Access Details**

Shareholders can listen to the Meeting by telephone by dialing-in to the conference line using the dial-in details set out below:

Dial-In Number (local and toll-free for North America): 1-877-385-4099

Meeting password: 7612355

---

The Company reserves the right to take any additional precautionary measures in relation to the Meeting in response to further developments in respect of the COVID-19 pandemic that the Company considers necessary or advisable including changing the time, date or location of the Meeting.

## **Appointment and Revocation of Proxies**

The persons named in the accompanying form of proxy are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THE SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** The proxy will not be valid unless the completed, dated, and signed proxy is received by TSX Trust Company ("TSX Trust"), at Suite 301 - 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1 by 10:00 a.m. (PST) on Wednesday, February 3, 2021, or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Fax votes can be sent to 1-416-595-9593, and Internet voting can be completed at [www.voteproxyonline.com](http://www.voteproxyonline.com).

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion, and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the Chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

If you are a non-registered Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to revoke your voting instructions.

## **Exercise of Discretion**

If the instructions in a proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made. **If you do not provide instructions in your proxy, the persons named in the enclosed proxy will vote your shares FOR the matters to be acted on at the Meeting.**

The persons named in the enclosed proxy will have discretionary authority with respect to any amendments or variations of these matters or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment or other item of business that comes before the Meeting is routine or contested. The persons named in the enclosed proxy will vote on such matters in accordance with their best judgment.

At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

## **Advice to Non-Registered (Beneficial) Shareholders**

The information set out in this section is important to many Shareholders as a substantial number of Shareholders do not hold their shares in their own name.

**Only registered Shareholders or duly appointed proxyholders for registered Shareholders are permitted to vote at the Meeting. Many of the Shareholders of the Company are "non-registered" Shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.**

More particularly, a person is not a registered Shareholder in respect of shares of the Company which are held on behalf of that person (the "Non-Registered Holder") but which are registered either:

- (a) In the name of an intermediary (each, an "Intermediary") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans), or
- (b) In the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively referred to as the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) Be given a form of **proxy which has already been signed by the Intermediary** (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with **TSX Trust**, as provided above; or
- (b) More typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "proxy", "proxy authorization form" or "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one-page pre-printed form. Sometimes, instead of the one-page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or TSX Trust)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the shares owned by you, you should strike out the names of the management designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. **In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

The materials with respect to the Meeting are being sent to both registered Shareholders and Non-Registered Holders who have not objected to the Intermediary through which their shares are held disclosing ownership information about themselves to the Company ("NOBOs"). If you are a NOBO, and the Company or its agent has sent these materials 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 on your behalf.

If you are a Non-Registered Holder who has objected to the Intermediary through which your shares are held disclosing ownership information about you to the Company (an “OBO”), you should be aware that the Company does not intend to pay for Intermediaries to forward the materials with respect to the Meeting, including proxies or voting information forms, to OBO’s and therefore an OBO will not receive the materials with respect to the Meeting unless that OBO’s Intermediary assumes the cost of delivery.

## Quorum

The quorum required for the transaction of business at the Meeting is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least one-twentieth of the issued shares entitled to be voted at the Meeting.

## Record Date

Shareholders registered as at Friday, December 18, 2020 (the “Record Date”) are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the proxy to attend and vote, deliver their proxies at the place and within the time set forth in the notes to the proxy.

## Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise set out herein, no current director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

## Voting Securities and Principal Holders Thereof

The authorized capital of the Company consists of an unlimited number of common shares, each share carrying the right to one vote. As at the Record Date, 492,149,158 common shares were issued and outstanding. Only holders of common shares of record at the Record Date, who attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to receive notice of and vote or to have their common shares voted at the Meeting. Each Common Share is entitled to one vote on all matters to be acted upon at the Meeting

The following table sets out, to the knowledge of the directors and executive officers of the Company, based on public information, those persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying 10% or more of the voting rights attached to all of the issued and outstanding common shares as at the Record Date:

<b>Name</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Issued and Outstanding Common Shares<sup>(1)</sup></b>
Stephen Van Deventer <sup>(2)</sup>	39,000,000	7.93%
Kimberly Van Deventer <sup>(2)</sup>	35,000,000	7.11%
Cornerstone Global Partners Inc. <sup>(2)</sup>	45,860,500	9.32%

### Notes:

- (1) Based on 492,149,158 common shares issued and outstanding.
- (2) Cornerstone Global Partners Inc. is a company that Stephen and Kimberley Van Deventer are directors of and which is controlled by Stephen Van Deventer. In the aggregate, Stephen Van Deventer, indirectly, beneficially owns and controls 24.36% of the Company’s issued and outstanding common shares.

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

As at the Record Date, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or, which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, in relation to a securities purchase program or other program.

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

Other than as disclosed herein, since the beginning of the Company's last financial year, no "informed person" (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) of the Company (including a director, officer or individual or corporation that beneficially owns or controls 10% or more of the issued and outstanding voting securities of the Company), proposed nominee for election as a director of the Company ("proposed director"), or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See "Interest of Certain Persons or Companies in the Matters to be Acted Upon".

## **MANAGEMENT CONTRACTS**

The management functions of the Company and its subsidiary are primarily performed by the directors and executive officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular, a "Named Executive Officer" or "NEO" means each of the following individuals:

- (i) Chief Executive Officer ("CEO") of the Company;
- (ii) Chief Financial Officer ("CFO") of the Company;
- (iii) each of the Company'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 for the financial year; and
- (iv) each individual who would be a NEO under paragraph (iii) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at the end of the most recently completed financial year.



## **Compensation Discussion and Analysis**

The Company has a compensation program. The Board of Directors (also referred to herein as the "Board" or the "BOD") relies on the experience of its members to ensure that total compensation paid to the Company's management is fair and reasonable and is both in-line with the Company's financial resources and competitive with companies at a similar stage of development.

The Company does not have in place a compensation committee. All tasks related to developing and monitoring the Company's approach to the compensation of executive officers of the Company are performed by the members of the Board of Directors. The Board meets to discuss and determine management compensation as required, without reference to formal objectives, criteria or analysis.

### **Compensation Philosophy**

The Company has taken a forward-looking approach for the compensation for its directors, officers, employees and consultants to ensure that the Company can continue to build and retain a successful and motivated discovery and development team and, importantly, align the Company's future success with that of Shareholders.

The Company's compensation strategy is to attract and retain talent and experience with focused leadership in the operations, financing and asset management of the Company with the objective of maximizing the value of the Company. The Company compensates its Named Executive Officers based on their skill and experience levels and the existing stage of development of the Company. NEOs are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Company's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

Under the Company's compensation policies and practices, NEOs and directors are not prevented from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

The Company has not currently identified specific performance goals or benchmarks as such relate to executive compensation. The stage of the Company's development and the size of its specialized management team allow frequent communication and constant management decisions in the interest of developing Shareholder value as a primary goal.

The Board of Directors believes that the compensation policies and practices of the Company do not encourage executive officers to take unnecessary or excessive risks; however, the Board intends to review from time to time and at least once annually, the risks, if any, associated with the Company's compensation policies and practices at such time. Implicit in the Board of Directors' mandate is that the Company's policies and practices respecting compensation, including those applicable to the Company's executives, be designed in a manner which is in the best interests of the Company and Shareholders and risk implications is one of many considerations which are taken into account in such design.

### **Compensation Components**

The Board of Directors has implemented three levels of compensation to align the interests of the NEOs with those of the Shareholders. First, NEOs may be paid a monthly salary or consulting fee. Second, the Board of Directors may award NEOs long-term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value. The Company does not provide medical, dental, pension or other benefits to NEOs. To date, no specific formulas have been developed to assign a specific weighting to each of these components.

## ***Base Salary***

The base compensation of the Named Executive Officers is reviewed and set annually by the Board of Directors. The salary review for each NEO is based on an assessment of factors such as:

- current competitive market conditions;
- compensation levels within the peer group;
- level of responsibility and importance of the position within the Company; and
- particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual.

Using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, the Board performs an annual assessment of the compensation of all executive officer compensation levels and then sets the base salaries or consulting fees of the NEOs.

## ***Annual Incentive Plan***

The Company has no formal annual incentive plan.

## ***Long-Term Compensation***

Long-term compensation is paid to NEOs in the form of grants of stock options.

## **Stock Options**

The Company adopted a 10% rolling stock option plan (the “Stock Option Plan”) on September 7, 2016, which was approved by Shareholders on May 19, 2017, to encourage share ownership and entrepreneurship on the part of the directors, senior management, employees and consultants. The Board believes that the Stock Option Plan aligns the interests of Named Executive Officers with the interests of Shareholders by linking a component of executive compensation to the longer-term performance of the common shares.

The Stock Option Plan is administered by the Board, who will have full and final authority with respect to the granting of all options thereunder. Accordingly, all options granted to NEOs are approved by the Board. Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board may from time to time designate. The Company has not set specific target levels for options to NEOs but seeks to be competitive with similar companies.

The Stock Option Plan provides that, subject to the requirements of the Canadian Securities Exchange (the “CSE”), the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time.

In monitoring stock option grants, the Board generally takes into account the following factors: the level of options granted by comparable companies for similar levels of responsibility, prior grants to a proposed optionee, the executive’s past performance, anticipated future contribution, the percentage of outstanding equity owned by the executive, the level of vested and unvested options, and on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, and subject to earlier termination in the event of dismissal for cause, early retirement, voluntary resignation or termination other than for cause, or in the event of death or disability, the Board also makes the following determinations:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each stock option; and
- the other material terms and conditions of each stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

The NEOs currently employed by the Company hold a total of 4,750,000 options pursuant to the Stock Option Plan as at the date hereof. These options have exercise prices between \$0.05 and \$0.10 per share.

## Summary Compensation Table

The following table is presented in accordance with Form 51-102F6 - *Statement of Executive Compensation* and sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years in respect of each Named Executive Officer.

Name and principal position	Year	Salary / Consulting Fees (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Stephen Van Deventer <sup>(2)(3)</sup> Chief Executive Officer and Former President	2019	111,000	-	-	N/A	N/A	N/A	2,749	113,749
	2018	170,000	-	-	N/A	N/A	N/A	2,935	172,935
	2017	180,000	-	-	N/A	N/A	N/A	975	180,975
Shabira Rajan <sup>(4)</sup> Chief Financial Officer	2019	56,800	-	-	N/A	N/A	N/A	6,647	63,447
	2018	146,000	-	-	N/A	N/A	N/A	6,627	152,627
	2017	141,000	-	207,164	N/A	N/A	N/A	1,350	349,514
Makarand Jawadekar <sup>(5)</sup> President	2019	79,531	-	-	N/A	N/A	N/A	-	79,531
	2018	103,437	-	-	N/A	N/A	N/A	-	103,437
	2017	89,525	-	-	N/A	N/A	N/A	-	89,525

### Notes:

- (1) Weighted average assumptions (Carrara options and PreveCeutical options combined) are used in the following:

	2019	2018	2017
Risk-free interest rate	N/A	1.95%	1.46%
Expected life of options	N/A	1.76 years	2.39 years
Expected annualized volatility	N/A	113%	110%
Expected dividend rate	N/A	0%	0%

The Company believes that the model utilized are appropriate model to use for calculating the fair value of incentive stock options because, while the model was originally developed for valuing publicly traded options as opposed to non-transferrable incentive stock options and requires management to make estimates, which are subjective and may not be representative of actual results (changes in assumptions can materially affect estimates of fair values), this model is used by most companies in the Company's peer group and therefore

represents an approach to valuation reasonably consistent with the Company's peer group. It is important to remember that, while incentive stock options can have a significant theoretical value (such as those reported above), until the option is actually exercised and the resulting common shares can be sold at a profit, it has no value that can be realized by the holder. Many option grants expire unexercised and out-of-the-money.

- (2) Appointed as Chief Executive Officer and President on June 22, 2017, and April 9, 2018, respectively. Mr. Van Deventer also serves as a director of the Company. Unless otherwise indicated, the Company did not pay Mr. Van Deventer any compensation for his services as a director of the Company.
- (3) Resigned as President effective February 13, 2019.
- (4) Appointed as Chief Financial Officer on June 22, 2017.
- (5) Dr. Jawadekar was appointed as the Chief Science Officer and President on June 30, 2017, and February 13, 2019, respectively. Dr. Jawadekar also serves as a director of the Company. Unless otherwise indicated, the Company did not pay Dr. Jawadekar any compensation for his services as a director of the Company.

## **Employment Agreements**

Except as set out below or as set forth under the heading "Termination and Change of Control Benefits", the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were performed by a NEOs or a director of the Company, or by any other party which provided services that are typically provided by a NEO or a director of the Company.

The Company and its subsidiary have entered into the following employment agreements (each, an "Executive Employment Agreement") with the NEOs:

- (i) Executive Employment Agreement dated for reference November 1, 2018, whereby Stephen Van Deventer acts as Chief Executive Officer to the Company at an annual base salary of \$120,000, which salary is reviewed and adjusted by the Board of Directors from time to time, based on the executive's performance, corporate cash flow and achievement of corporate objectives; and
- (ii) Executive Employment Agreement dated for reference November 1, 2018, whereby Shabira Rajan acts as Chief Financial Officer to the Company at an annual base salary of \$96,000, which salary is reviewed and adjusted by the Board of Directors from time to time, based on the executive's performance, corporate cash flow and achievement of corporate objectives.

Although the Board of Directors has not implemented a bonus plan, pursuant to each of the NEOs' Executive Employment Agreements, each NEO is eligible to participate in any bonus plans that may be implemented by the Board of Directors or the compensation committee thereof, from time to time. A bonus, if paid, shall be paid in cash in such amount as is approved by the Board following each annual performance review and based on attainment of performance objectives.

## **Incentive Plan Awards**

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

The following table sets out information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each NEO of the Company. The Company has not granted any share-based awards.

Name	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised "in-the-money" options <sup>(1)</sup> (\$)
Stephen Van Deventer Chief Executive Officer (2)(3)	1,250,000 options 1,800,000 warrants 5,000,000 warrants	0.05 0.10 0.06	August 10, 2020 July 12, 2022 May 29, 2020	-
Shabira Rajan <sup>(4)</sup> Chief Financial Officer	1,250,000 options 1,250,000 options 2,500,000 warrants	0.05 0.10 0.10	August 31, 2020 June 28, 2021 July 12, 2022	-
Makarand Jawadekar <sup>(5)</sup> President	1,250,000 options	0.05	August 10, 2020	-

**Notes:**

- (1) Options are “in the money” if the market price of the common shares is greater than the exercise price of the options. Value is calculated by multiplying the number of common shares which may be acquired on exercise of the option by the difference, if any, between the exercise price of the options and the market value of the common shares underlying the options as at the closing price on December 31, 2019, being the last trading day for the most recently completed financial year of \$0.015 per common share.
- (2) Appointed Chief Executive Officer on June 22, 2017, and President on April 9, 2018.
- (3) Resigned as President on February 13, 2019.
- (4) Appointed Chief Financial Officer on June 22, 2017.
- (5) Appointed as President on February 13, 2019.

There were no outstanding share-based awards as at December 31, 2019.

The Board’s approach to issuing options is consistent with prevailing market practices in the Company’s industry. Grants of options depend on the length of service of the NEO. There are, therefore, no formulae followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at or above the prevailing market price of the common shares on the CSE.

***Incentive Plan Awards – Value Vested or Earned During the Year***

There were no incentive plan awards vested or earned during the most recently completed financial year for any NEO. The Company has not granted any share-based awards or non-equity incentive plan compensation.

There was no re-pricing of stock options under the Company's Stock Option Plan or otherwise during the Company’s financial year ended December 31, 2019. Details of the Company's Stock Option Plan can be found under the headings “Compensation Discussion and Analysis” above and “Approval of Stock Option Plan” below.

***Option-based Awards Exercised During the Year***

No NEO exercised any option-based awards during the Company's most recently completed financial year.

**Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

## Termination and Change of Control Benefits

Except as set out below, the Company has no compensatory plan, contract or arrangement to compensate a NEO in the event of resignation, retirement or other termination of the NEO's employment with the Company, a change of control of the Company, or a change in responsibilities of the NEO following a change of control.

Pursuant to the terms of Executive Employment Agreements entered into with each of the NEOs on November 1, 2018, if:

- (i) the employment agreement is terminated without cause,
  - (ii) the responsibilities of the NEO are materially changed, or
  - (iii) there is a change in control of the Company,
- then the NEO is entitled to receive:
- (a) the amount of unpaid base salary up to and including the date of termination;
  - (b) that portion of any then declared and/or earned or accrued bonus, prorated to the end of the six-month period from the effective date of termination that would likely have been paid to the Named Executive Officers for the six months from the effective date of termination; such determination to be made fairly and reasonably and taking into account all relevant circumstances;
  - (c) any outstanding vacation pay as at the date of termination; and
  - (d) any outstanding expense reimbursements as at the date of termination.

In addition, and in recognition of the fact that the NEOs have provided services to the Company since September 1, 2016, within ten business days of receipt of an executed release in a form satisfactory to the Company, acting reasonably, the Company will pay to the NEO a lump sum payment equal to twenty-four months of the NEO's then base salary, less applicable withholdings and deductions.

Additionally, upon the death of a NEO, the Company will pay to the NEO's estate the total of (less applicable withholdings and deductions):

- (i) twenty-four months of the NEO's then base salary;
- (ii) the amount of unpaid base salary up to and including the date of termination;
- (iii) that portion of any then declared and/or earned or accrued bonus, prorated to the end of the six-month period from the effective date of termination that would likely have been paid to the NEO for the six months from the effective date of termination; such determination to be made fairly and reasonably and taking into account all relevant circumstances;
- (iv) any outstanding vacation pay as at the date of termination; and
- (v) any outstanding expense reimbursements as at the date of termination.

### Estimated Incremental Payments on Change of Control

The following table provides details regarding the estimated incremental payments from the Company to NEOs subject to the Executive Employment Agreements assuming that the triggering event occurred on December 31, 2019:

Name of NEO	Total Payments <sup>(1)</sup>
Stephen Van Deventer	\$240,000
Shabira Rajan	\$192,000

- (1) This represents the entitlement the NEO would receive if the Company terminated the Executive Employment Agreement before the end of the term without cause and such triggering event had occurred on

December 31, 2019. This does not include any accrued vacation or other benefits due under the Executive Employment Agreement.

## Director Compensation

Other than compensation paid to the NEO, compensation paid to directors in their capacity as directors of the Company or in their capacity as members of a committee of the Board, and as consultants of the Company, is listed below. The directors are reimbursed for reasonable expenses incurred on behalf of the Company.

From time to time, directors may be retained to provide specific services to the Company and its subsidiaries and will be compensated on a normal commercial basis for such services. The Company has not granted any share-based awards.

During the most recently completed financial year, the Company had five directors who were not NEOs, namely Kimberly Van Deventer, Greg Reid, Matthew Coltura, Keith Anderson and Mark Lotz. Additionally, Paget Hargreaves was a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd. The following table sets out the details of compensation provided to the aforesaid directors during the Company's most recently completed financial year:

Name of Director	Fees earned (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value <sup>(2)</sup> (\$)	All other compensation (\$)	Total compensation (\$)
Kimberly Van Deventer <sup>(3)(6)</sup>	80,850	-	N/A	N/A	-	80,850
Greg Reid <sup>(3)(7)</sup>	-	-	N/A	N/A	-	-
Matthew Coltura <sup>(4)(8)</sup>	-	-	N/A	N/A	-	-
Keith Anderson <sup>(5)</sup>	-	1,490	N/A	N/A	-	1,490
Mark Lotz <sup>(5)</sup>	-	1,490	N/A	N/A	-	1,490
Paget Hargreaves <sup>(9)</sup>	-	-	N/A	N/A	-	-

### Notes:

- (1) The determination of the value of option awards is based upon the Black-Scholes Option-pricing model.

	2019	2018	2017
Risk-free interest rate average	1.66%	1.95%	1.46%
Expected life of options	1.85 years	1.76 years	2.39 years
Expected annualized volatility	164.57%	113%	110%
Expected dividend rate	0.00%	0.00%	0.00%

The Company believes that the Black-Scholes model is an appropriate model to use for calculating the fair value of incentive stock options because, while the model was originally developed for valuing publicly traded options as opposed to non-transferrable incentive stock options and requires management to make estimates, which are subjective and may not be representative of actual results (changes in assumptions can materially affect estimates of fair values), this model is used by most companies in the Company's peer group and therefore represents an approach to valuation reasonably consistent with the Company's peer group. It is important to remember that, while incentive stock options can have a significant theoretical value (such as those reported above), until the option is actually exercised and the resulting common shares can be sold at a profit, it has no value that can be realized by the holder. Many option grants expire unexercised and out-of-the-money.

- (2) The Company does not maintain any defined benefit or defined contribution plan.

- (3) Appointed as a director of the Company on May 19, 2017.
- (4) Appointed as a director on July 7, 2016.
- (5) Appointed as a director on June 20, 2019.
- (6) Resigned as a director of the Company on April 9, 2018. Ms. Van Deventer was appointed President of the Company on June 30, 2017 from which she resigned on April 9, 2018. She was appointed director of the Company's subsidiary on March 12, 2018. Ms. Van Deventer was paid \$80,850 during the financial year ended December 31, 2019, for her services as Human Resources and Business Development consultant.
- (7) Resigned as a director on May 31, 2019.
- (8) Resigned as a director on September 1, 2019.
- (9) Appointed as a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd, on October 11, 2018.

## Incentive Plan Awards

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

The following table sets out information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each director who is not a NEO. The Company has not granted any share-based awards.

Name	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised "in-the-money" options <sup>(1)</sup> (\$)
Kimberly Van Deventer <sup>(2)(5)(8)</sup>	1,250,000	0.05	August 10, 2020	-
Matthew Coltura <sup>(3)(6)</sup>	333,333	0.06	September 7, 2021	-
Keith Anderson <sup>(4)</sup>	100,000	0.025	November 4, 2021	-
Mark Lotz <sup>(4)</sup>	100,000	0.025	November 4, 2021	-
Paget Hargreaves <sup>(7)</sup>	2,000,000	0.125	October 20, 2020	-

#### Notes:

- (1) Options are "in the money" if the market price of the common shares is greater than the exercise price of the options. Value is calculated by multiplying the number of common shares which may be acquired on exercise of the option by the difference, if any, between the exercise price of the options and the market value of the common shares underlying the options as at the closing price on December 31, 2019, being the last trading day for the most recently completed financial year of \$0.015 per common share.
- (2) Appointed as a director on May 19, 2017.
- (3) Appointed as a director on July 7, 2016.
- (4) Appointed as a director on June 20, 2019.
- (5) Resigned as a director on April 9, 2018.
- (6) Resigned as a director on September 1, 2019.



- (7) Appointed as a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd, on October 11, 2018.
- (8) Appointed as a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd, on March 12, 2018.

There were no outstanding share-based awards as at December 31, 2019.

### ***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets out details of the value vested or earned during the most recently completed financial year of incentive plan awards granted to each director who is not a NEO. The Company has not granted any share-based awards or non-equity incentive plan compensation.

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Non-equity incentive plans compensation – Value earned during the year (\$)</b>
Kimberly Van Deventer <sup>(2)(5)(8)</sup>	-	N/A
Greg Reid <sup>(2)(6)</sup>	-	N/A
Matthew Coltura <sup>(3)(7)</sup>	-	N/A
Keith Anderson <sup>(4)</sup>	1,490	N/A
Mark Lotz <sup>(4)</sup>	1,490	N/A
Paget Hargreaves <sup>(9)</sup>	-	N/A

#### **Notes:**

- (1) The “value vested during the year” is calculated based upon the Black-Scholes Option-pricing model.
- (2) Appointed as a director on May 19, 2017.
- (3) Appointed as a director on July 7, 2016.
- (4) Appointed as a director on June 20, 2019.
- (5) Resigned as a director on April 9, 2018.
- (6) Resigned as a director on May 31, 2019.
- (7) Resigned as a director on September 1, 2019.
- (8) Appointed as a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd, on March 12, 2018.
- (9) Appointed as a director of the Company's wholly-owned subsidiary, PreveCeutical (Australia) Pty Ltd, on October 11, 2018.

The Company has not granted any share-based awards or non-equity incentive plan compensation.

### ***Option-based Awards Exercised During the Year***

None of the directors who are not a NEO exercised any option-based awards during the Company's most recently completed financial year.

## Management Contracts

No management functions of the Company or its subsidiaries are to any substantial degree performed by persons other than the directors or executive officers of the Company or its subsidiary. See disclosure under “Executive Compensation – Employment Agreements” for further details with respect to specific employment agreements with NEOs.

## Stock Option Plan

The Stock Option Plan is a 10% “rolling” stock option plan. The underlying purpose of the Stock Option Plan is to attract and motivate the directors, officers, employees and consultants of the Company and its subsidiaries to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Stock Option Plan.

The material terms of the Stock Option Plan are set out below, which summary is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting and at the Company’s head office located at Suite 2601 - 588 Broughton Street, Vancouver, British Columbia, V6G 3E3 for 10 business days prior to the Meeting, during business hours.

### 1. Eligible Participants

Options may be granted under the Stock Option Plan to directors, senior officers, employees, consultants, management company employees or a consultant company (as such terms are defined in the Stock Option Plan) of the Company and its subsidiary, or an Eligible Charitable Organization (collectively, the “Eligible Persons”). The Board of Directors, in its discretion, determines whether to grant options under the Stock Option Plan to Eligible Participants.

### 2. Number of Shares Reserved

The number of common shares in the capital of the Company which may be issued pursuant to options granted under the Stock Option Plan may not exceed 10% of the issued and outstanding common shares of the Company, on a non-diluted basis, at the date the options are granted. In addition, the number of common shares in the capital of the Company which may be issued pursuant to options granted under the Stock Option Plan to any one optionee shall not exceed 5% of the total number of issued and outstanding common shares, on a non-diluted basis, at the date the options are granted (unless otherwise approved by disinterested Shareholders).

### 3. Term of Options

Subject to the termination and change of control provisions noted below, the terms of any option granted under the Stock Option Plan are determined by the Board and may not exceed 10 years from the date of grant.

### 4. Exercise Price

The exercise price of options granted under the Stock Option Plan is equal to the greater of the closing market prices of the common shares on (i) the trading day prior to the grant date of the options; and (ii) the grant date of the options (or such other minimum price as is permitted by the CSE in accordance with its policies, as amended from time to time) or, if the common shares are no longer listed on any stock exchange then, the price per common share on the over-the-counter market determined by dividing the aggregate sale price of the common shares sold by the total number of such shares so sold on the applicable market for the last day prior to the grant date.

### 5. Vesting

All options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the CSE, if applicable, and will be granted as fully vested unless a vesting schedule is imposed by the Board of Directors as a condition of the grant on the grant date.

### 6. Termination of Options

If an Optionee ceases to be an Eligible Person, his or her option shall be exercisable as follows:

(a) **Death or Disability**

If the optionee ceases to be an Eligible Person, due to his or her death or disability or, in the case of an optionee that is a company, the death or disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the option then held by the optionee shall be exercisable to acquire that number of shares which have been reserved for issuance upon the exercise of a vested option, but which have not been issued, as adjusted from time to time in accordance with the provisions of the Stock Option Plan (“Vested Unissued Option Shares”) at any time up to the earlier of:

- (i) 365 days after the date of death or disability; and
- (ii) the expiry date of the options.

(b) **Termination for Cause**

If the optionee, or in the case of a management company employee or a consultant company, the optionee’s employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the optionee, or, in the case of a management company employee or a consultant company, of the optionee’s employer, is employed or engaged; any outstanding option held by such optionee on the date of such termination shall be cancelled as of that date.

(c) **Early Retirement, Voluntary Resignation or Termination Other than For Cause**

If the optionee or, in the case of a management company employee or a consultant company, the optionee’s employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company’s retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the option then held by the optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the expiry date and the date which is 90 days after the optionee or, in the case of a management company employee or a consultant company, the optionee’s employer, ceases to be an Eligible Person.

### **Repricing of Stock Options**

The Company did not make any downward repricing of stock options during the financial year ended December 31, 2019.

### **Securities Authorized for Issuance under Equity Compensation Plans**

The following table sets out details of all the Company’s equity compensation plans as of December 31, 2019, being the end of the Company’s most recently completed financial year. The Company’s equity compensation plan consists of its Stock Option Plan, which was approved by the Board on September 7, 2016, and approved by Shareholders on May 19, 2017.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) <sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b) <sup>(2)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a) (c) <sup>(3)</sup></b>
Equity compensation plans approved by security holders	15,282,840	\$0.068	24,362,051
Equity compensation plans not approved by security holders	Nil	N/A	Nil
<b>TOTAL</b>	15,282,840	\$0.068	24,362,051

**Notes:**

- (1) As at December 31, 2019, being the date of the Company's last completed financial year, there were 396,448,905 common shares issued and outstanding.
- (2) Weighted average based on:

Number of Options	Exercise Price
500,000	0.070
8,999,500	0.050
2,000,000	0.125
2,250,000	0.100
2,000,000	0.125
1,333,340	0.060
200,000	0.025

- (3) Represents the number of common shares remaining available for future issuance under stock options available for grant as of December 31, 2019 under the Stock Option Plan. The maximum number of common shares which may be issued pursuant to stock options granted under the Stock Option Plan is 10% of the issued and outstanding common shares at the time of grant. See "*Business of the Meeting - Particulars of Other Matters to be Acted Upon – Annual Approval of Rolling 10% Stock Option Plan*" for further details concerning the Stock Option Plan.

## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian Securities Administrators requires the Company to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

### Board of Directors

The Board of Directors has responsibility for the stewardship of the Company, including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The BOD sets long-term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives, and to supervise senior management in their implementation. The BOD delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The BOD is responsible for protecting Shareholders' interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the BOD reviews, as frequently as required, the principal risks inherent in the Company's business, including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the audit committee of the Board, the BOD assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the BOD, the BOD is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without Board approval on all ordinary course matters relating to the Company's business.

The BOD monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The BOD is responsible for the appointment of senior management and monitoring of their performance. The BOD has not adopted a written mandate or code setting out the foregoing obligations, since it believes it is adequately governed by the requirements of applicable corporate and securities common and statute law, which provide that the Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The BOD is currently comprised of four directors, of which two are considered "independent" within the meaning of National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators. A director is "independent" if the director has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. The current independent members of the Board are Keith Anderson and Mark Lotz. Stephen Van Deventer and Makarand Jawadekar are not considered to be independent as they are executive officers of the Company.

The BOD facilitates its exercise of independent supervision over the Company's management through frequent meetings of the BODs.

The BOD does not hold regularly scheduled meetings without the non-independent directors and members of management. Since the beginning of the Company's last financial year, the independent directors did not hold any ad hoc meetings without the non-independent directors and management.

When a matter being considered involves a director, that director does not vote on the matter. The directors regularly and independently confer amongst themselves and thereby keep apprised of all operational and strategic aspects of the Company's business.

Stephen Van Deventer, the Chief Executive Officer of the Company, is the Chairman of the BOD. The Company does not have an independent Chairman of the Board as Mr. Van Deventer is not an independent director. However, the independent directors of the Company have experience in director and officer roles or as members of the financial investment community, and, therefore, do not require the guidance of an independent Chairman of the Board in exercising their duties as directors.

The Board held one meeting during the most recently completed financial year. The following directors attended the meeting: Stephen Van Deventer, Greg Reid, Matthew Coltura and Makarand Jawadekar.

## **Descriptions of Roles**

The BOD has not established written descriptions of the positions of the Chairman of the Board or Chairman of any of the committees of the Board (except as may be set out in a charter applicable to a committee) as it feels they are unnecessary and would not improve the function and performance of the Board, Chief Executive Officer or any committee. The role of Chairman is delineated by the nature of the overall responsibilities of the Board or the committee.

The BOD has not set limits on the objectives to be met by the Chairman of the Board, as the Board believes that such limits and objectives should depend upon the circumstances of each situation and that to formalize these matters would be restrictive and unproductive.

The BOD has established a written description of the position of Chief Executive Officer, as set out in the Chief Executive Officer's executive employment agreement dated November 1, 2018. Pursuant to the agreement, the Chief Executive Officer is, among other things, responsible for overseeing and achieving the governance, financing, regulatory compliance obligations, corporate goals and performance guidelines approved by the Board, as well as for

implementing the Company’s strategic plan and for maintaining relationships with the Company’s shareholders and other stakeholders as appropriate. The Chief Executive Officer’s principal responsibilities also include, but are not limited to:

- (i) collaborating with the Board on matters related to the acquisition and retention of key employees and consultants;
- (ii) coordinating with the Board to initiate review proposals on certain of the Company’s business practices, policies and initiatives, including the Company’s governance and management practices;
- (iii) providing all plans and information requested by the Board in connection with the Company’s annual business plans and budgets; developing a program for the Company’s standards of business conduct; and
- (iv) taking the appropriate steps to ensure that the Company is acting in compliance with applicable laws and developing systems to ensure that the material risks of the Company are identified and assessed.

## Other Directorships

The following table sets out the directors of the Company who are currently directors of other reporting issuers:

Name of Director	Name of other Reporting Issuer
Mark Lotz	Voleo Trading Systems Inc. Candente Gold Corp. Ascent Industries Corp. Teal Valley Health Inc. (formerly, Radiant Health Care Inc.) Vodis Pharmaceuticals Inc. Golden Lake Exploration Inc.
Makarand Jawadekar	Cardex Inc. NanoViricides Inc.

## Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

- (i) Information respecting the functioning of the Board of Directors, committees and copies of the Company’s corporate governance policies.
- (ii) Access to recent and historical, publicly filed documents of the Company, management reports and the Company’s internal financial information.
- (iii) Access to management, technical experts and consultants.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars, and visit the Company’s operations.

Board members have full access to the Company's records.

## Ethical Business Conduct

The Board of Directors adopted a formal code of business conduct and ethics (the “Code”) which was approved by the BOD in October 2018. The Company expects each of its directors, officers and employees to read and become familiar with the ethical standards described in this Code.

The Code summarizes the legal, ethical and regulatory standards that the Company must follow to promote integrity and deter wrongdoing, and is a reminder to the Company’s directors, officers, consultants and employees of the seriousness of that commitment. Compliance with this Code and high standards of business conduct is mandatory for every director, officer and employee of the Company or any of its subsidiaries

The Board is of the view that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

A copy of the Code can be obtained by contacting the Company by mail at Suite 2601, 588 Broughton Street, Vancouver, British Columbia, Canada, V6G 3E3, Attention: Chief Executive Officer or by telephone: 604-416-7777.

The Company is not aware of any conduct of any director or officer of the Company that constitutes a departure from the Code.

## **Nomination of Directors**

The Corporate Governance and Nominating Committee (the "Corporate Governance Committee") of the Board is responsible for evaluating proposals for new nominees to the Board, and conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee. The selection of potential nominees for review by the Corporate Governance Committee is generally the result of recruitment efforts by the individual incumbent director, including both formal and informal discussions among the directors and with the CEO and President, and are usually based upon the desire to have a specific set of skills or expertise included on the Board. The appointment of new directors (either to fill vacancies or to add additional directors as permitted by applicable corporate legislation) or the nomination for election as a director of a person not currently a director by the shareholders at an annual general meeting is carried out by the Board, based on the recommendation(s) of the Corporate Governance Committee.

## **Assessments**

The Board has traditionally monitored, but not formally assessed, its performance or the performance of individual directors or committee members or their contributions. The Corporate Governance Committee has, as part of its mandate, the responsibility for producing reports with respect to performance evaluations of the CEO, the Board as a whole, the individual committees of the Board and individual directors, on an annual basis. The Corporate Governance Committee is in the process of determining the appropriate processes for such evaluations and is reviewing the processes adopted by similar-sized public natural resource companies in order to assist it in this regard.

## **Compensation**

The Company has not adopted a formal compensation committee - the Board of Directors, as a whole, acts as the Company's compensation committee. The performance of the Chief Executive Officer, President, Chief Financial Officer and other senior management of the Company is evaluated by the independent Board members and measured against the Company's business goals and industry compensation levels. During the financial year ended December 31, 2019, the Board did not retain any such outside consultants or advisors to assist in the determination of compensation for any of the Company's directors or executive officers.

## **Other Board Committees**

The Board currently has the following committees:

1. Corporate Governance Committee
2. Disclosure Committee
3. Audit Committee

## Corporate Governance Committee

The Corporate Governance Committee has a written charter that sets out the committee's mandate, organization, powers and responsibilities. The role of the Corporate Governance Committee is to:

- (i) Evaluate and review the effectiveness of the Company's system of corporate governance.
- (ii) Review procedures for the identification of new nominees to the Board and assist in the candidate selection process.
- (iii) Review and approve orientation and education programs for new directors.
- (iv) Assess the effectiveness of directors, the Board and the various committees of the Board.
- (v) Ensure appropriate corporate governance and review the Company's corporate governance practices to assess compliance with current rules and policies of applicable regulatory authorities.

The Corporate Governance Committee is currently comprised of the following members:

- 1. Stephen Van Deventer (Chairman)
- 2. Keith Anderson
- 3. Mark Lotz

## Disclosure Committee

The Disclosure Committee has a written charter that sets out the committee's mandate, organization, powers and responsibilities. The role of the Disclosure Committee is to assist the Company's officers and directors in fulfilling the Company's responsibility regarding:

- (i) Identification and disclosure of material information about the Company.
- (ii) The accuracy, completeness and timeliness of the Company's financial reports.

The Disclosure Committee is responsible for:

- (i) Review and, as necessary, help revise the Company's disclosure controls and other procedures.
- (ii) Assisting in documenting and monitoring the integrity, and evaluating the effectiveness of, the Disclosure Controls and Procedures.
- (iii) Review the Company's reports, including annual, quarterly, proxy statements, material registration statements, and other required regulatory reports.
- (iv) Review the Company's news releases, correspondence disseminated to shareholders, and other relevant communications and presentations.
- (v) Ensure that appropriate processes are in place to monitor the Company's website, including with respect to corporate and investor relations information.
- (vi) Keep the Audit Committee informed of relevant financial information.

The Disclosure Committee is currently comprised of the following members:

- 1. Stephen Van Deventer (Chairman)
- 2. Keith Anderson
- 3. Mark Lotz.



## **Audit Committee**

NI 52-110 requires the Company's Audit Committee to meet certain requirements. It also requires the Company to disclose in this Information Circular certain information, disclosed below, regarding the Audit Committee.

### **Overview**

The primary function of the Audit Committee of the Board (the "Audit Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by:

- (i) Reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders.
- (ii) Reviewing the systems for internal corporate controls which have been established by the Board and management.
- (iii) Overseeing the Company's financial reporting processes generally.

In meeting these responsibilities, the Audit Committee monitors the financial reporting process and internal control system, reviews and appraises the work of external auditors, and provides an avenue of communication between the external auditors, senior management and the Board of Directors. The Audit Committee is also mandated to review and approve all material related party transactions.

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

Unless it is a "venture issuer" (an issuer, the securities of which are not listed or quoted on any of the Toronto Stock Exchange, a market in the USA other than the over-the-counter market, or a market outside of Canada and the USA) as of the end of its last financial year, NI 52-110 requires each of the members of the Audit Committee to be independent and financially literate. Since the Company is a "venture issuer" (its securities are listed on the CSE but are not listed or quoted on any other exchange or market) it is exempt from this requirement.

The Audit Committee is currently comprised of the following members:

1. Stephen Van Deventer (Chairman)
2. Keith Anderson
3. Mark Lotz

Each member of the Audit Committee is considered to be "financially literate" as defined by NI 52-110 in that the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

Two of the three current members of the Audit Committee, Mark Lotz and Keith Anderson, are independent, while the third member, Stephen Van Deventer, is not considered independent as he an executive officer of the Company. To be considered to be independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Company. A material relationship is a relationship which could, in the view of the Board reasonably interfere with the exercise of a member's independent judgment.

The members of the Audit Committee are elected by the Board of Directors at its first meeting following the annual Shareholders' meeting. Unless a Chairman is elected by the full Board, the members of the Audit Committee designate a Chairman by a majority vote of the full Committee membership.

### **Relevant Education and Experience**

In addition to each member's general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held positions with other corporations or reporting issuers where he has been actively involved in financing and fundraising activities. For more information on the Audit Committee members'

relevant education and experience, see "*Business of The Meeting - Election of Directors – Director Biographies*" below.

### **Audit Committee Charter**

The Company has adopted a Charter for the Audit Committee which sets out the committee's mandate, organization, powers and responsibilities, a copy of which is attached hereto as Appendix "A".

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on an exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Section 3.2 of NI 52-110 (*Initial Public Offerings*), Section 3.3(2) of NI 52-110 (*Controlled Companies*), Section 3.4 of NI 52-110 (*Events Outside Control of Member*), Section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*) or Section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*) or on Section 3.8 of NI 52-110 (*Acquisition of Financial Literacy*).

### **Pre-Approval Policies and Procedures**

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

### **External Auditor Service Fees**

For more information on the Audit Committee's external service fees, see "*Business of The Meeting – Appointment and Remuneration of Auditor - Auditor's Fees*" below.

### **Venture Issuer Exemption**

Since the Company is a "venture issuer" it relies on the exemption contained in Section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in "Composition of the Audit Committee" above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company's Annual Information Form, if any, and this Circular).

## BUSINESS OF THE MEETING

### Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2019, including the report of the auditors thereon will be tabled at the Meeting and will be received by the shareholders. These audited consolidated financial statements of the Company for the year ended December 31, 2019 and the report of the auditors thereon and the related management's discussion and analysis (the "MD&A") have been approved by the Company's Board of Directors and as such no Shareholders' vote needs to be taken thereon at the meeting. The consolidated financial statements and MD&A are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### Appointment and Remuneration of Auditor

The auditors for the Company will be appointed at this Meeting. Following a request for proposal process, Smythe LLP was first appointed as the Company's auditor on December 20, 2017. Smythe LLP is independent of the Company, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. The Company also proposes that the remuneration to be paid to the auditors be determined by the directors of the Company.

The Board recommends that shareholders vote FOR the re-appointment of Smythe LLP as auditors of the Company for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditors.

### Auditors' Fees

The following table discloses the fees billed to the Company by its external auditors during the financial years ended December 31, 2019, and 2018.

Financial Year Ended	Audit Fees (\$) <sup>(1)</sup>	Audit Related Fees (\$) <sup>(2)</sup>	Tax Fees (\$) <sup>(3)</sup>	All Other Fees (\$) <sup>(4)</sup>
December 31, 2019	41,000	-	10,300	11,012
December 31, 2018	53,000	-	3,000	41,192

### Notes:

- (1) Audit fees represents fees billed by the Company's auditors for audit services.
- (2) Audit-related fees represent fees billed for assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and not disclosed in the Audit Fees column.
- (3) Tax fees represent fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.
- (4) All other fees represent fees billed for services provided by the Company's auditors other than services reported under notes (1), (2) and (3) above.

**In the absence of instructions to the contrary, a properly executed and returned proxy will be voted for the appointment of Smythe LLP as auditor of the Company until the next annual general meeting of the Shareholders and to authorize the directors to fix the auditors' remuneration.**

## Election of Directors

The directors of the Company are elected at each annual general meeting of Shareholders, and each elected director holds office until the next annual general meeting of the Shareholders or until his successor is elected or appointed or unless he becomes disqualified under the *Business Corporations Act* (British Columbia) to act as a director.

Shareholder approval will be sought to fix the number of directors of the Company at four (4). Each of the persons named in the following table are proposed nominations for election as a director of the Company. The Board of Directors recommends a vote “FOR” each of the nominees listed below. **In the absence of instructions to the contrary, a properly executed and returned proxy will be voted “FOR” the proposed directors set out below.**

Management does not contemplate that any of the proposed directors will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Shareholders or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the name of each proposed director, the province or state and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of common shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Information Circular:

<b>Name, province or state and country of residence and positions, current and former, if any, held in the Company</b>	<b>Date became a director</b>	<b>Number of common shares beneficially owned or controlled or directed, directly or indirectly<sup>(1)</sup></b>
Stephen Van Deventer <sup>(2)(3)(4)</sup> Director & Chief Executive Officer British Columbia, Canada	May 19, 2017	86,660,500 <sup>(5)</sup>
Makarand Jawadekar Director, President & Chief Science Officer Connecticut, United States	October 24, 2017	2,502,500
Mark Lotz <sup>(2)(3)(4)</sup> Director British Columbia, Canada	June 20, 2019	N/A
Keith Anderson <sup>(2)(3)(4)</sup> Director British Columbia, Canada	June 20, 2019	N/A

### **Notes:**

- (1) The information as to the number of common shares beneficially owned or controlled by each nominee, not being within the knowledge of the Company, has been furnished by the respective proposed directors themselves. Unless otherwise indicated, such shares are held directly.
- (2) Denotes a member of the Audit Committee.
- (3) Denotes a member of the Corporate Governance and Nominating Committee.
- (4) Denotes a member of the Disclosure Committee.
- (5) Of the common shares beneficially owned or controlled by Stephen Van Deventer, 40,800,000 common shares are held by Stephen Van Deventer in his personal name and 45,860,500 common shares are held in the name of Cornerstone Global Partners Inc., a corporation controlled by Stephen Van Deventer.

### Director Biographies

Unless otherwise stated, each of the below-named nominees has held the principal occupation or employment indicated for the past five years, which information, not being within the knowledge of the Company, has been furnished by the respective proposed director themselves.

#### **Stephen Van Deventer** (Director and Chief Executive Officer)

Stephen Van Deventer is an experienced businessman and corporate director, and founder of the Company. Specializing in international corporate relations and business development over the last twenty-five years, Mr. Van Deventer has focused on launching small to medium-sized companies into the public markets in Canada, the United States and Europe. He has also owned and operated private companies. Mr. Van Deventer is currently a senior officer and director of Asterion Cannabis Inc.

#### **Dr. Makarand Jawadekar** (Director, President and Chief Science Officer)

Dr. Makarand Jawadekar completed his Ph.D. in Pharmaceuticals at the University of Minnesota. Dr. Jawadekar worked at Pfizer Inc. for over twenty-eight years, where he most recently acted as the Director of Portfolio Management. During his career, he was responsible for pharmaceutical science research in drug product formulation and process development as well as drug delivery technology assessments involving external drug delivery technology companies. Dr. Jawadekar has extensive experience in creating and cultivating external partnerships and alliances for drug delivery technologies. Dr. Jawadekar currently serves as a director of Cardax Inc. and NanoViricides Inc.

#### **Mark Lotz** (Director)

Mr. Lotz is a Chartered Professional Accountant practicing publicly through his firm Lotz CPA Inc. Mr. Lotz is a businessman and provides management consulting and corporate finance services to public and private companies. He has numerous years of experience with reporting issuers, and currently serves as a director of Ascent Industries Corp., Candente Gold Corp., Voleo Trading Systems Inc., Teal Valley Health Inc. (formerly Radiant Health Care Inc.), Vodis Pharmaceuticals Inc. and Golden Lake Exploration Inc.

#### **Keith Anderson** (Director)

Mr. Anderson has been in the Canadian capital markets business for over thirty years and was an Investment Advisor with Canaccord Genuity Corp. from 1987 to 2011. Mr. Anderson is currently the President and Chief Executive Officer of Silver Sands Resources Corp. (trading on the CSE) and Golden Spike Resources. Mr. Anderson is a former director and officer of several mineral exploration and cannabis companies, including a former director of Global Vanadium Corp., Vangold Mining Corp., Alchemist Mining Incorporated, Syd Financial Inc., Boomer Financial Inc. and Liberty Leaf Holdings Ltd. and former Chief Executive Officer and President of Alexis Financial Inc.

## **Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed herein, no proposed director of the Company is, as of the date of this Information Circular or was within ten years before the date thereof, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that:

- (a) Was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

No proposed director of the Company:

- (a) Is, as of the date of this Information Circular or was within ten years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within ten years before the date as of the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Anderson was a director of Vangold Resources Ltd. ("Vangold") when a cease trade order was issued by the British Columbia Securities Commission on May 10, 2016 as a result of the failure of Vangold to file a comparative financial statement for the financial year ended December 31, 2015, and a Form 51-102F1 - Management's Discussion and Analysis for the period ended December 31, 2015. The cease trade order was revoked by the British Columbia Securities Commission on August 10, 2016.

## **Penalties or Sanctions**

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security's regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

## **Particulars of Other Matters To Be Acted Upon**

### **Annual Approval of Rolling 10% Stock Option Plan**

#### *Background Information*

The Company adopted the Stock Option Plan on September 7, 2016, which was approved by shareholders on May 19, 2017. For more information regarding the terms of the Stock Option Plan, see "*Stock Option Plan*" and "*Statement of Executive Compensation – Stock Options*" above.

The Company currently has 492,149,158 issued and outstanding common shares, meaning that the number of stock options currently available for grant under the Stock Option Plan would be 10% of that number (on a rolling basis) or 49,214,915 common shares. As of the date of this Circular, the Company had 4,750,000 stock options outstanding under the Stock Option Plan.

#### *Annual Shareholder Approval for the Stock Option Plan*

The Company's Stock Option Plan is a rolling stock option plan which sets the maximum number of stock options available for grant by the Company at an amount equal to 10% of the Company's issued and outstanding Shares from time to time. The Company's Stock Option Plan must be approved and ratified by the shareholders on an annual basis.

### *Shareholder Approval Being Sought*

A copy of the Stock Option Plan is available upon request to any shareholder of the Company at no charge, or may be inspected at the registered office of the Company during normal business hours until the date of the Meeting.

The Board and management consider the approval of the Stock Option Plan to be appropriate and in the best interests of the Company. Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form, subject to such amendments, variations or additions as may be approved at the Meeting:

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the Company authorize, approve, ratify and confirm, subject to regulatory approval, the Stock Option Plan pursuant to which the board of directors of the Company may, from time to time, authorize the issuance of stock options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis; and
2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution."

Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the approval and ratification of the Stock Option Plan.

## **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed proxy to vote the shares represented thereby in accordance with their best judgement on such matter, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

## **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) under "Issuer Profiles – PreveCeutical Medical Inc.". The Company's consolidated financial information is provided in the Company's comparative financial statements and related management's discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management's discussion and analysis for the financial year ended December 31, 2019, by contacting the Company by mail at Suite 2601, 588 Broughton Street, Vancouver, British Columbia, Canada, V6G 3E3, Attention: Chief Executive Officer or by telephone: 604-416-7777.

DATED this 21<sup>st</sup> day of December, 2020.

ON BEHALF OF THE BOARD OF DIRECTORS

"Stephen Van Deventer"

Stephen Van Deventer  
Chairman, Chief Executive Officer and Director

## APPENDIX "A"

### PREVECUTICAL MEDICAL INC.

#### AUDIT COMMITTEE CHARTER

##### **1. Mandate and Purpose of the Committee**

The Audit Committee (the "Committee") of the board of directors (the "Board") of PreveCeutical Medical Inc. (the "Company") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function;
- (f) consideration and approval of certain related party transactions; and
- (g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

##### **2. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

##### **3. Composition and Expertise**

The Committee shall be composed of a minimum of three members, each of whom is a director of the Company. The majority of the Committee's members must not be officers or employees of the Company or an affiliate of the Company.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chairman of the Committee. If the Chairman of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

##### **4. Meetings**

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chairman shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat.



If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee who are not officers or employees of the Company or an affiliate of the Company shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Business may also be transacted by the unanimous written consent resolutions of the members of the Committee, which when so approved shall be deemed to be resolutions passed at a duly called and constituted meeting of the Committee.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

## **5. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Canadian Securities Exchange and shall recommend changes to the Board thereon.

## **6. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

## **7. Duties and Responsibilities**

### **(a) Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, any auditor's report thereon, MD&A and related news releases, before they are published.

The Committee is also responsible for:

- (i) being satisfied 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, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;

- (ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) **Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) **Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

(h) **Related Party Transactions**

All transactions between the Company and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (British Columbia), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Company require review and approval by the Committee. Related party transactions that are material to the Company or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

**8. Non-Audit Services**

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

**9. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chairman of the Audit Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

**10. Procedure For Reporting Of Fraud Or Control Weaknesses**

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of Company that the employee (the "whistleblower") has anonymous and direct access to the Chairman of the Audit Committee. Should a new Chairman be appointed prior to the updating of this document, the current Chairman will ensure that the whistleblower is able to reach the new Chairman in a timely manner. In the event that the Chairman of the Audit Committee cannot be reached, the whistleblower should contact the Chairman of the Board.

In addition, it is the policy of the Company that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

## **11. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of

## CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS

PreveCeutical Medical Inc. has a voluntary program to deliver documents to its shareholders by electronic means rather than traditional mailing of paper copy. The program is meant to increase convenience for the shareholders, provide benefits for our environment and reduce cost for the corporation. If you wish to receive documents electronically, please confirm your consent below.

**To: PreveCeutical Medical Inc. (the "Corporation")**  
c/o DuMoulin Black LLP  
10<sup>th</sup> Floor, 595 Howe Street  
Vancouver, BC V6C 2T5  
KRiddell@dumoulinblack.com

---

I consent to the electronic delivery of the documents listed below that the Corporation elects to deliver to me electronically, all in the accordance with the terms hereof. The consent granted herein will last indefinitely until revoked.

1. The following documents that are mailed to the other shareholders will at the same time be delivered electronically to me (the "**Documents**"):
  - a. Financial Statements
  - b. Notices of Meetings of Shareholders
  - c. Management Information Circulars
  - d. Forms of Proxy
2. The Documents will be delivered to my email address provided below.
3. I acknowledge that I may receive at no cost a paper copy of any Document to be delivered to me electronically if the Corporation cannot make electronic delivery or if I contact the Corporation by telephone, regular mail, or electronic email. I further acknowledge that my request of a paper copy of any Document does not constitute revocation of this Consent to Electronic Delivery of Documents.
4. I understand that my consent may be revoked or changed at any time by notifying the Corporation of such revoked or changed consent by telephone, regular mail or electronic mail.
5. I understand that the Corporation maintains in confidence the personal information I provide as a shareholder and uses it only for the purpose of shareholder communications.
6. I understand that I am not required to consent to the electronic delivery of Documents.

I have read and understand this Consent to Electronic Delivery of Documents and I consent to the electronic delivery of Documents on the foregoing terms.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2020

\_\_\_\_\_  
Registered Shareholder's Name

\_\_\_\_\_  
Registered Shareholder's email address

\_\_\_\_\_  
Registered Shareholder's signature

\_\_\_\_\_  
Beneficial Shareholder

\_\_\_\_\_  
Beneficial Shareholder email address



