

**DEFENCE THERAPEUTICS INC.**

200 Burrard Street, Suite 1680  
Vancouver, BC, V6C 3L6  
Tel: 514.947.2272 Fax: 604.357.1704

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 9, 2021**

NOTICE IS HEREBY GIVEN that the 2021 annual general and special meeting (the “**Meeting**”) of the shareholders of Defence Therapeutics Inc. (the “**Company**”) will be held at 200 Burrard Street, Suite 1680, Vancouver, British Columbia, V6C 3L6, on Thursday, December 9, 2021, at 9:00 a.m. (Pacific time) for the following purposes:

1. To receive the audited financial statements of the Company for the year ended June 30, 2021, and the report of the auditor thereon.
2. To set the number of directors for the ensuing year at six.
3. To elect directors for the ensuing year.
4. To appoint the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
5. To consider and if thought fit, pass a special resolution to approve the amendments to the Company’s Articles and Notice of Articles, as more particularly set out in the Company’s management information circular dated November 9, 2021, accompanying this Notice of Meeting (the “**Information Circular**”).
6. To transact such other business as may properly come before the Meeting or any adjournments thereof.

This Notice is accompanied by the Information Circular and either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders. Shareholders are requested to read the Information Circular and, if unable to attend the Meeting in person, complete, date, sign and return the proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

The Board of Directors of the Company has fixed the close of business on November 4, 2021, as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof. The Board of Directors has also fixed 9:00 a.m. (Pacific time) on December 7, 2021, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s registrar and transfer agent, Computershare Trust Company.

*Due to the COVID-19 pandemic and given the restrictions on public gatherings and in the best interest of the health of all participants in the Meeting, the Company respectfully asks that shareholders do not attend the Meeting in person. The Company requests that shareholders who wish to participate by listening to the Meeting, contact the Company by 9:00 am Pacific time on December 7, 2021, at [ccesarone@defencetherapeutics.com](mailto:ccesarone@defencetherapeutics.com) to be included in the teleconference for the Meeting. The Company will arrange for teleconference participation for all shareholders who have requested it by 9:00 am Pacific time on December 7, 2021. The Company strongly recommends that shareholders vote by Proxy or by a request for voting instructions well in advance of the Meeting. If public health guidelines regarding physical distancing in British Columbia have changed by the Meeting date of December 9, 2021, the Company may issue a news release advising of permitted Meeting attendance in accordance with such updated guidelines.*

DATED at Vancouver, British Columbia, as of the 9<sup>th</sup> of November, 2021.

**DEFENCE THERAPEUTICS INC.**

By: “*Sébastien Plouffe*”  
**Chief Executive Officer**

# DEFENCE THERAPEUTICS INC.

## INFORMATION CIRCULAR

The information contained in this Information Circular, unless otherwise indicated, is as of November 9, 2021.

This Information Circular is in respect of the annual general and special meeting (the “**Meeting**”) of the shareholders of **Defence Therapeutics Inc.** (the “**Company**”) to be held on December 9, 2021, at the time and place set out in the accompanying Notice of Meeting. **This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting and any adjournment of the Meeting.** The Board of Directors of the Company (the “**Board**”) has fixed the close of business on November 4, 2021, as the record date (the “**Record Date**”), being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

### **PART 1 – PROXY INSTRUCTIONS**

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#### **MANAGEMENT SOLICITATION AND APPOINTMENT OF PROXIES**

The persons named in the form of proxy are nominees of the Company’s management. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for and on the shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the form of proxy.** To exercise this right, the shareholder must either:

- (a) on the form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the shareholder’s nominee in the blank space provided; or
- (b) complete another proper form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Trust Company of Canada (“**Computershare**”), Suite 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1; fax within North America: 1-866-249-7775; fax outside North America: 416-263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Computershare also offers voting via the internet. Instructions for internet voting can be found on the enclosed form of proxy or voting instruction form.

#### **REVOCABILITY OF PROXIES**

A shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
  - (i) signed by the shareholder, the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, a duly authorized officer or attorney of the corporation; and
  - (ii) delivered to Computershare, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or
- (b) in any other manner provided by law.

## **EXERCISE OF DISCRETION BY PROXYHOLDERS**

A shareholder may indicate the manner in which the persons named in the form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given in the proxy.**

**If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy. It is intended that the proxyholder named by management in the form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company for directors and auditor.**

The form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those set out herein and referred to in the Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the form of proxy intend to vote on them in accordance with their best judgment.

## **SOLICITATION OF PROXIES**

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers, employees and consultants of the Company without special compensation. The Company will not reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The cost of solicitation will be borne by the Company.

## **ADVICE TO BENEFICIAL SHAREHOLDERS**

**ONLY REGISTERED SHAREHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. SHAREHOLDERS WHO DO NOT HOLD THEIR SHARES IN THEIR OWN NAME (REFERRED TO AS "NON-REGISTERED SHAREHOLDERS") ARE ADVISED THAT ONLY PROXIES FROM SHAREHOLDERS OF RECORD CAN BE RECOGNIZED AND VOTED AT THE MEETING.** Non-Registered Shareholders who complete and return an instrument of proxy or voting instruction form must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder.

If securities are listed in an account statement provided to a shareholder by a broker, then in almost all cases those securities will not be registered in such shareholder's name on the records of the Company and will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Securities held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients.

If you are a Non-Registered Shareholder and Computershare has sent Meeting materials directly to you, your name and address and information about your shareholdings have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. Such shareholders can expect to receive a scannable voting instruction form ("**VIF**") with this Meeting material. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described in the VIF. Computershare will tabulate the results of the VIFs received from beneficial shareholders and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **A NON-REGISTERED SHAREHOLDER RECEIVING A VIF CANNOT USE THAT VIF TO VOTE SECURITIES DIRECTLY AT THE MEETING. THE VIF MUST BE RETURNED TO COMPUTERSHARE WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE SHARES VOTED.**

Non-Registered Shareholders who have objected to their broker/nominee disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners (“OBOs”). In accordance with securities regulatory policy, we will have distributed copies of the required Meeting materials to the brokers/nominees for onward distribution to OBOs. THE COMPANY DOES NOT INTEND TO PAY FOR A BROKER/NOMINEE TO DELIVER MEETING MATERIALS TO OBOs. THEREFORE, AN OBO WILL NOT RECEIVE THE MATERIALS UNLESS THE OBO’S BROKER/NOMINEE ASSUMES THE COSTS OF DELIVERY. Brokers/nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Every broker/nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs in order to ensure that their securities are voted at the Meeting. Often the form of proxy supplied to a beneficial shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder.

Should a Non-Registered Shareholder receiving a form of proxy or VIF wish to vote at the Meeting, the Non-Registered Shareholder should strike out the names of the management proxyholders named in the form and insert the Non-Registered Shareholder’s name in the blank provided and return the materials to the broker or Computershare as directed and well before the Meeting date.

## **UNITED STATES SHAREHOLDERS**

This solicitation of proxies involves securities of a corporation incorporated in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation requirements under United States securities laws. The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), some of its directors and its executive officers are residents of Canada and a significant portion of its assets and the assets of such persons are located outside the United States. Shareholders may not have standing to bring a claim against a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

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The Company has only one class of shares entitled to be voted at the Meeting, namely, Class A Common shares without par value (each a “Share”). All issued Shares are entitled to be voted at the Meeting and each has one vote. As of November 4, 2021, there were 36,024,674 Shares issued and outstanding.

Only shareholders of record on November 4, 2021, will be entitled to vote at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, or exercises control or direction, directly or indirectly, over Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company which have the right to vote in all circumstances.

## **PART 3 - THE BUSINESS OF THE MEETING**

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### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended June 30, 2021, will be placed before shareholders at the Meeting. These financial statements and management’s discussion and analysis are also available for review on SEDAR. See Part 8 “OTHER INFORMATION – Additional Information” below.

### **SETTING NUMBER OF DIRECTORS**

Management proposes to nominate the persons named under the heading “Election for Directors” below for election as directors of the Company. Each director elected will hold office until the next annual general meeting or until his

successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or he becomes disqualified to act as a director.

It is proposed to set the number of directors at six (6). This requires the approval of the shareholders of the Company by an ordinary resolution, which approval will be sought at the Meeting.

**Unless the shareholder directs that his or her Shares be otherwise voted or withheld from voting in connection with the setting of the number of directors, the persons named in the enclosed Proxy will vote FOR the number of directors of the Company to be set at six (6).**

## ELECTION OF DIRECTORS

The Board presently consists of six directors. At the Meeting, it is proposed to maintain the number of directors elected at six, to hold office until the next annual general meeting or until their successors are duly elected or appointed. **Unless the shareholder directs that his or her Shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the six nominees whose names are set forth below.** Management does not contemplate that any of the following nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Proxy shall have the right to vote for another nominee in their discretion.

The following table and notes thereto state the names, provinces and countries of residence of all persons proposed to be nominated for election as directors, the date on which each of them first became a director of the Company, all positions and offices with the Company held by each of them, the principal occupation or employment of each of them, and the number of Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them. The biographical information set out below as to principal occupation of, and number of Shares owned by, each of the nominees, not being within the knowledge of the Company, has been furnished by the nominees.

<b>Name, Province/State and Country of Residence and Position with Company</b>	<b>Present Principal Occupation<sup>(1)(2)</sup></b>	<b>Director Since</b>	<b>Shares Owned</b>
<b>Sébastien Plouffe</b> Quebec, Canada <i>President, Chief Executive Officer and Director</i>	Co-founder, director, President and Chief Executive Officer ("CEO") of the Company since June 2020; Founder, President and CEO of Sediamek Inc. since 2006; Vice-President Investment advisor of Canaccord Genuity Wealth Management from 1998 to 2004	June 2, 2020	1,600,000
<b>P. Joseph Meagher</b> British Columbia, Canada <i>Chief Financial Officer and Director</i>	Chief Financial Officer ("CFO") of the Company since September 2020; CFO and Corporate Secretary of Gatling Exploration Inc. since 2018; CFO of Huntsman Exploration Inc. since 2016; CFO of Pacton Gold Inc. since 2013; CFO of Bonterra Resources Inc. from 2014 to 2019	January 5, 2021	350,000
<b>Dr. Moutih Rafei PhD</b> Quebec, Canada <i>Vice President, Research and Development, and Director</i>	Associate Professor and Principal Investigator in Immunology at Université de Montréal since 2013; VP Research and Development of the Company since 2020; director of the Company since January, 2021; CEO and Founder of Axiom Services Inc. since 2019; Chief Scientific Officer ("CSO") and Co-Founder of IntelliStem Technologies since 2018; Head of Discovery at Medicenna Therapeutics from 2018 to 2020; CSO at Medlink360 from 2014 to 2017	January 5, 2021	70,000
<b>Dr. Raimar Löbenberg<sup>(3)</sup></b> Alberta, Canada <i>Director</i>	Professor at the Faculty of Pharmacy and Pharmaceutical Sciences at the University of Alberta since 2000; director of the Company since January, 2021; director of Xphyto Therapeutics Corp. since 2019; CSO of RS Therapeutics since 2018	January 5, 2021	100,000
<b>Dr. Sarkis Meterissian</b> MD, FRCS, FACS <sup>(3)</sup> Quebec, Canada <i>Director</i>	Professor of Surgery and Oncology McGill University since 2020; Director of the Breast Clinic of the MUHC since 2006; Head of the Breast Cancer Clinical Program McGill University Health Center since 2012	January 5, 2021	Nil

Name, Province/State and Country of Residence and Position with Company	Present Principal Occupation <sup>(1)(2)</sup>	Director Since	Shares Owned
<b>Dr. Riam Shammas<sup>(3)</sup></b> Ontario, Canada <i>Director</i>	Principal of Farmia Agritech since 2020; Founder and CEO of IntelliStem Technologies since 2019; Managing Director of Regen Capital since 2018; Founder and CEO of Pallianera Pharma since 2017; Medical Director at The Canadian Centres for Regenerative Therapy since 2016	November 9, 2021	Nil

- (1) Information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.

The Company does not have an executive committee. Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Company is required to have an audit committee whose members are indicated above. See also Part 6 “AUDIT COMMITTEE” below.

### **Corporate Cease Trade Orders or Bankruptcy**

As at the date of this Information Circular, and within the last 10 years before the date of this Information Circular, no proposed director (or any of their personal holding companies) of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company and which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (c) is as at the date of this Information Circular or has been within 10 years before the date of this Information Circular, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has within the 10 years before 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, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

### **Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as disclosed in this Information Circular, to the Company’s knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management now or may in the future serve as directors, officers, promoters and members of management of other public companies, some of which are or may be involved in the life sciences industry, and therefore it is possible that

a conflict may arise between their duties as a director, officer, promoter or member of management of the Company and their duties as a director, officer, promoter or member of management of such other companies.

#### **APPOINTMENT OF THE AUDITOR**

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass the following resolution with respect to the appointment of auditors for the Company:

“RESOLVED, as an ordinary resolution, THAT Crowe Mackay LLP, Chartered Professional Accountants, be appointed as the Company’s auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors.”

**Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Crowe Mackay LLP, Chartered Professional Accountants, to serve as auditor of the Company until the next annual general meeting of the Company’s shareholders and to authorize the Board to fix the remuneration to be paid to the auditor.**

#### **ALTERATION OF AUTHORIZED SHARE STRUCTURE**

The Company is currently authorized to issue an unlimited number of Shares, an unlimited number of Class B Common Shares without par value (the “**Class B Shares**”), an unlimited number of Class C Common Shares without par value (the “**Class C Shares**”), an unlimited number of Class A Special Shares without par value (the “**Class A Special Shares**”), an unlimited number of Class B Special Shares without par value (the “**Class B Special Shares**”), an unlimited number of Class C Special Shares without par value (the “**Class C Special Shares**”) and an unlimited number of Class D Special Shares without par value (the “**Class D Special Shares**”). There are no Class B Shares, Class C Shares, Class A Special Shares, Class B Special Shares, Class C Special Shares or Class D Special Shares outstanding.

The Board has determined, in order to simplify the capital structure of the Company, that it is in the best interest of the Company to amend its Articles and Notice of Articles to eliminate the Class B Shares, the Class C Shares, the Class A Special Shares, the Class B Special Shares, the Class C Special Shares and the Class D Special Shares.

At the Meeting, shareholders will be asked to pass a special resolution (the “**Alteration Resolution**”), the full text of which is set out in Schedule “A” to this Information Circular, approving the amendments to the Company’s Articles and Notice of Articles in order to eliminate the Class B Shares, the Class C Shares, the Class A Special Shares, the Class B Special Shares, the Class C Special Shares and the Class D Special Shares.

**Unless the shareholder directs that his or her Shares be otherwise voted or withheld from voting in connection with the alteration of the authorized share structure, the persons named in the enclosed Proxy will vote FOR the Alteration Resolution.**

#### **PART 4 – EXECUTIVE COMPENSATION**

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The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the “**Named Executive Officers**” or “**NEOs**” for the purposes of this disclosure:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;

- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

#### **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION, EXCLUDING COMPENSATION SECURITIES**

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each Named Executive Officer and director of the Company during the Company's most recent financial year ended June 30, 2021. The Company became a reporting issuer on April 30, 2021.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission<sup>(1)</sup> (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees<sup>(2)</sup> (\$)</b>	<b>Value of perquisites<sup>(3)</sup> (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Sébastien Plouffe</b> President, CEO and Director <sup>(4)</sup>	2021	82,500 <sup>(5)</sup>	N/A	N/A	N/A	N/A	82,500
<b>P. Joseph Meagher</b> CFO and Director <sup>(6)</sup>	2021	54,000 <sup>(7)</sup>	N/A	N/A	N/A	N/A	54,000
<b>Dr. Mouth Rafei</b> Vice President, Research and Development, and Director <sup>(8)</sup>	2021	N/A <sup>(9)</sup>	N/A	N/A	N/A	N/A	N/A
<b>Dr. Raimar Löbenberg</b> Director <sup>(10)</sup>	2021	N/A	N/A	N/A	N/A	N/A	N/A
<b>Dr. Sarkis Meterissian</b> Director <sup>(11)</sup>	2021	N/A	N/A	N/A	N/A	N/A	N/A

(1) Paid or accrued salaries and/or consulting fees.

(2) There is no standard meeting fee or committee fee for attendance at Board meetings or for service on committees.

(3) The value of perquisites and benefits, if any, was less than \$15,000.

(4) Mr. Plouffe was appointed President and CEO on July 10, 2020.

(5) Paid as consulting fees to Sediamek Inc., a private company wholly owned by Mr. Plouffe.

(6) Mr. Meagher was appointed CFO on September 18, 2020.

(7) Paid as consulting fees to Meagher Consulting Inc., a private company wholly owned by Mr. Meagher.

(8) Dr. Rafei was appointed Vice President, Research and Development, on October 9, 2020, and he was appointed a director on January 5, 2021.

(9) Dr. Rafei is paid a consulting fee under the Axiom Consulting Agreement, the details of which are disclosed below under the heading "Employment, Consulting and Management Agreements".

(10) Dr. Löbenberg was appointed a director on January 5, 2021.

(11) Dr. Meterissian was appointed a director on January 5, 2021.

#### **STOCK OPTIONS AND OTHER COMPENSATION SECURITIES**

The following table sets out the compensation securities granted by the Company to the Named Executive Officers and directors of the Company during the Company's most recent financial year ended June 30, 2021.



Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Sébastien Plouffe</b> <sup>(1)</sup> President, CEO and Director	Stock Options	400,000 400,000 1.14%	October 9, 2020	1.25	N/A <sup>(2)</sup>	7.05	October 9, 2023
<b>P. Joseph Meagher</b> <sup>(3)</sup> CFO and Director	Stock Options	200,000 200,000 0.57%	October 9, 2020	1.25	N/A <sup>(2)</sup>	7.05	October 9, 2023
<b>Dr. Moutih Rafei</b> <sup>(4)</sup> Vice President, Research and Development, and Director	Stock Options	50,000 50,000 0.14%	October 9, 2020	1.25	N/A <sup>(2)</sup>	7.05	October 9, 2023
	Stock Options	150,000 150,000 0.43%	October 23, 2020	1.25	N/A <sup>(2)</sup>	7.05	October 23, 2023
<b>Dr. Raimar Löbenberg</b> <sup>(5)</sup> Director	Stock Options	200,000 200,000 0.57%	January 5, 2021	1.25	N/A <sup>(2)</sup>	7.05	January 5, 2024
<b>Dr. Sarkis Meterissian</b> <sup>(6)</sup> Director	Stock Options	200,000 200,000 0.57%	January 5, 2021	1.25	N/A <sup>(2)</sup>	7.05	January 5, 2024

(1) As of June 30, 2021, Mr. Plouffe held options to purchase 400,000 Shares.

(2) The Shares did not begin trading on the Canadian Securities Exchange (“CSE”) until May 7, 2021.

(3) As of June 30, 2021, Mr. Meagher held options to purchase 200,000 Shares.

(4) As of June 30, 2021, Dr. Rafei held options to purchase 200,000 Shares.

(5) As of June 30, 2021, Dr. Löbenberg held options to purchase 200,000 Shares.

(6) As of June 30, 2021, Dr. Meterissian held options to purchase 200,000 Shares.

### Exercise of Compensation Securities

No compensation securities were exercised by the Named Executive Officers and directors of the Company during the Company’s most recent financial year ended June 30, 2021.

### STOCK OPTIONS PLANS AND OTHER INCENTIVE PLANS

The Company has in place a “rolling” stock option plan (the “**Option Plan**”), the details of which are disclosed under the heading “Options and Other Rights to Purchase Securities – Option Plan” in the Company’s Final Prospectus dated April 29, 2021 and filed under the Company’s profile on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)). The Company does not have any other incentive plans in place.

### EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

**Sébastien Plouffe** – On September 18, 2020, the Company entered into an executive consulting agreement (the “**Plouffe Consulting Agreement**”) with Sediamek Inc. (“**Sediamek**”) and Sébastien Plouffe, pursuant to which Sediamek would provide the services of Sébastien Plouffe to act as the Company’s CEO and a director. Mr. Plouffe is entitled to a monthly consulting fee of \$7,500 and participation in the Option Plan. The Plouffe Consulting Agreement is for an indefinite term, subject to the termination provisions thereof, which provide that Mr. Plouffe will be paid the equivalent of three months in consulting fees in the event of a termination, by either Mr. Plouffe or the Company, as a result of a change in control. Mr. Plouffe is also subject to standard confidentiality, non-competition and non-solicitation provisions. Assuming a change of control occurred as of the date hereof and Mr. Plouffe’s engagement was terminated, Mr. Plouffe would be entitled to an estimated payment of \$22,500.

**P. Joseph Meagher** – On September 18, 2020, the Company entered into an executive consulting agreement (the “**Meagher Consulting Agreement**”) with Meagher Consulting Inc. (“**Meagher Consulting**”) and P. Joseph Meagher, pursuant to which Meagher Consulting would provide the services of Mr. Meagher to act as the Company’s CFO and

a director. Mr. Meagher is entitled to a monthly consulting fee of \$6,000 and participation in the Option Plan. The Meagher Consulting Agreement is for an indefinite term, subject to the termination provisions thereof, which provide that Mr. Meagher will be paid the equivalent of three months in consulting fees in the event of a termination, by either Mr. Meagher or the Company, as a result of a change in control. Mr. Meagher is also subject to standard confidentiality, non-competition and non-solicitation provisions. Assuming a change of control occurred as of the date hereof and Mr. Meagher's engagement was terminated, Mr. Meagher be entitled to an estimated payment of \$18,000.

**Axiom Services Inc.** - On September 18, 2020, the Company entered into a consultant services agreement (the "**Axiom Consulting Agreement**") with Axiom Services Inc ("**Axiom**"), a company of which Dr. Moutih Rafei is a principal, in connection with the provision of services relating to the completion of a study on the Company's Accum technology. Axiom is entitled to an annual consulting fee of up \$110,675, with \$33,203 payable on execution of the Axiom Consulting Agreement and the remainder payable in connection with meeting certain project milestones. The Axiom Consulting Agreement was for a term of one year and has been renewed for a further year, subject to the termination provisions thereof, and contains standard confidentiality and non-solicitation provisions.

Except as disclosed above, none of the Named Executive Officers or directors of the Company entered into any employment, consulting or management agreements with the Company during the financial year ended June 30, 2021, nor were any outstanding as of that date.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

The Board determines director compensation from time to time.

The Board determines executive compensation from time to time. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards and the economic position of the Company when compensating its executive officers.

## **PART 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out equity compensation plan information as at the financial year ended June 30, 2021:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup> (c)</b>
Equity compensation plans approved by security holders	None	N/A	N/A
Equity compensation plans not approved by security holders	3,522,077 Shares	\$1.53	2,022,077 Shares

(1) This figure is based on the total number of Shares authorized for issuance under the Option Plan, less the number of stock options outstanding as at the Company's year ended June 30, 2021.

## **PART 6 – AUDIT COMMITTEE**

The Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") under this heading.

### **AUDIT COMMITTEE CHARTER**

The Charter of the Company's audit committee is included as Schedule "B" to this Information Circular.

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is currently composed of the following three directors:

Member	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Raimar Löbenberg, Chair	Yes	Yes
Riam Shammaa	Yes	Yes
Sarkis Meterissian	Yes	Yes

(1) As that term is defined in NI 52-110.

## RELEVANT EDUCATION AND EXPERIENCE

All of the members of the Audit Committee are financially literate, in that they have the ability to read and understand statements of financial position, statements of comprehensive loss, statements of cash flows, and statements of equity and the notes attached thereto. Additionally, all of the members of the Audit Committee have accounting or related financial experience and are able to analyze and interpret a full set of financial statements, with the level of complexity of a life sciences issuer such as the Company, including the notes attached thereto, in accordance with International Financial Reporting Standards. The following table sets out each committee member's relevant experience:

Raimar Löbenberg	Dr. Löbenberg holds a Bachelor's of Science degree in Pharmacy from the Johannes Gutenberg-University, Mainz, Germany and a PhD in Pharmaceutics from the Johann Wolfgang Goethe-University, Frankfurt, Germany. He joined the University of Alberta in 2000 where he is the founder and director of the Drug Development and Innovation Centre, Faculty of Pharmacy and Pharmaceutical Sciences. He is a co-founder of RS Therapeutics Inc., a foam-based topical drug delivery company. Dr. Löbenberg's recent notable positions include: President of the Canadian Society for Pharmaceutical Sciences 2014 to 2015; Vice Chair of the United States Pharmacopeia Dietary Supplement Expert Committee 2016 to 2017; current member of the United States Pharmacopeia Dietary Supplement Expert Committee; current Vice Chair of the Specialty Committee of Traditional Chinese Medicine in Pharmaceutics of the World Foundation of Chinese Medicine Science; and current member of the Health Canada Scientific Advisory Committee on Pharmaceutical Sciences and Clinical Pharmacology and the Scientific Advisory Panel on Opioid Analgesic Abuse.
Riam Shammaa	Dr. Shammaa is the managing director of Regen Capital, with an investment portfolio in biotech, healthcare, fintech and Ag-tech. He has founded several companies in the biotechnology field including Pallianera Pharma and Intellistem Technologies, and he led the development of multiple successful therapeutics to the market. Dr. Shammaa worked in research at McGill University and in the private sector before completing his residency in family medicine at McGill University. He went on to complete a fellowship in Sports medicine at the University of Toronto. He is a published author and a world-renowned expert in cell therapy and translational medicine.
Sarkis Meterissian	Dr. Meterissian is a Professor of Surgery and Oncology (tenured), Director of the Breast Center of the MUHC and Head of the MUHC Breast Tumor Site Group. From 2007-2009 he was President of the Canadian Society of Surgical Oncology and from 2013 to 2015 he was President of Breast Surgery International. He has also served as the Medical Advisory Board co-Chair of the Quebec Breast Cancer Foundation since 2012. Dr. Meterissian is involved in a number of clinical and basic science research projects related to breast cancer. In 1999, along with Dr. Morag Park (the Director of the Goodman Cancer Center), he set-up the McGill Functional Genomics Group which includes an extensive solid and liquid tissue bank for breast cancer. He presently is involved in clinical research collaborations with the U de M Polytechnique Institute funded by NSERC and translational research projects with Dr. Luke McCaffrey of the Goodman.

## AUDIT COMMITTEE OVERSIGHT

At no time since the beginning of the recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

## RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Company's financial year ended June 30, 2021, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## PRE-APPROVAL POLICIES AND PROCEDURES

The audit committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.

## EXTERNAL AUDIT SERVICE FEES (BY CATEGORY)

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

The fees paid by the Company to its external auditors, Crowe Mackay LLP, for services rendered to the Company in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
June 30, 2021	\$24,500	Nil	\$2,500	\$21,500
June 30, 2020	\$11,000	Nil	\$2,000	Nil

## EXEMPTION

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

## PART 7 – CORPORATE GOVERNANCE

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The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. The disclosure required by NI 58-101 is presented below.

## BOARD OF DIRECTORS

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship that could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Sébastien Plouffe, P. Joseph Meagher and Dr. Moutih Rafei are executive officers and are therefore not considered to be independent directors pursuant to NI 58-101. Dr. Raimar Löbenberg, Dr. Sarkis Meterissian and Dr. Riam Shammaa are considered to be independent directors pursuant to NI 58-101.

The Board facilitates its exercise of independent supervision over management by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board believes that fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that each director exercises independent judgment in carrying out his responsibilities and acting in the best interests of the Company.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly.

## DIRECTORSHIP

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

Sébastien Plouffe	None
P. Joseph Meagher	Golden Spike Resources Corp.
Dr. Moutih Rafei	None
Dr. Raimar Löbenberg	XPhyto Therapeutics Corp.
Dr. Sarkis Meterissian	None
Dr. Riam Shammaa	None

## ORIENTATION AND CONTINUING EDUCATION

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and consultants to give the directors additional insight into the Company's business. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Board members are encouraged to attend educational courses or presentations in relation to the industry within which the Company operates.

## ETHICAL BUSINESS CONDUCT

The Board has not, to date, adopted a formal written code of ethical business conduct. The current limited size of the Company's operations and the small number of officers and consultants allow the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board is aware of the recommendation in National Policy 58-201 *Corporate Governance Guidelines* to adopt a written code of business conduct and ethics and will review different standards that may be appropriate for the Company to adopt if warranted.

To date, the Board has found 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. Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director must disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The disclosure must be evidenced in writing by being included in the consent resolutions or minutes of the meeting that approve the transaction or in a written disclosure delivered to the Company's records office. Unless the director properly discloses his interest and has the transaction properly approved, he may be liable to account to the Company for any profit he makes as a result of the transaction, unless the court finds that the transaction was fair and reasonable to the Company. Once the appropriate disclosure has been made by the interested director, the transaction must be approved by the directors or by the shareholders by special resolution. An interested director would not be entitled to vote at meetings of directors which evoke any such conflict.

## **NOMINATION OF DIRECTORS**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees to fill vacancies and for the next annual meeting of the shareholders. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives and a willingness to serve.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole; however, this policy may be reviewed in the future depending on the circumstances of the Company.

## **COMPENSATION**

The Board periodically reviews the compensation paid to directors, management and other employees based on such factors as time commitment and level of responsibility and the Company's current position as a life sciences company with limited operating revenue.

The Board does not have a compensation committee, and these functions are currently performed by the Board as a whole; however, this policy may be reviewed in the future depending on the circumstances of the Company.

## **OTHER BOARD COMMITTEES**

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

## **ASSESSMENTS**

The Board conducts periodic assessments of its members including individual assessments to determine if the Board and the individual directors are performing efficiently. Based on the Company's size, stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be unnecessary at this time. As the activities of the Company develop, it will consider the establishment of more formal evaluation procedures, including more quantitative measures of performance.

## **PART 8 – OTHER INFORMATION**

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

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or any subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

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

Except as disclosed herein, since the commencement of the most recently completed financial year, no "informed person" had 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. "Informed Person" means: (a) a director or executive officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; or (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

### **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those 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 Proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements and management's discussion and analysis for the most recently completed financial year.

The Company will provide to any securityholder upon request copies of the Company's financial statements and management's discussion & analysis for the most recently completed financial year. Please direct your request to the Company at 200 Burrard Street, Suite 1680, Vancouver, British Columbia, V6C 3L6, to request the Company's financial statements and management's discussion & analysis.

DATED at Vancouver, British Columbia, on the 9<sup>th</sup> day of November, 2021.

### **ON BEHALF OF THE BOARD**

*"Sébastien Plouffe"*  
Chief Executive Officer

**SCHEDULE "A"**

**DEFENCE THERAPEUTICS INC.**

**FULL TEXT OF ALTERATION RESOLUTION**

**"IT IS RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:**

1. The authorized share structure of the Company be altered by eliminating all of the Class B Common Shares, Class C Common Shares, Class A Special Shares, Class B Special Shares, Class C Special Shares and Class D Special Shares, of which none are allotted or issued, and the Notice of Articles be amended accordingly.
2. The Articles of the Company be altered such that the special rights and restrictions attached to the Class B Common Shares, Class C Common Shares, Class A Special Shares, Class B Special Shares, Class C Special Shares and Class D Special Shares be deleted in their entirety.
3. McMillan LLP be appointed as the Company's agent to electronically file the Notice of Alteration to the Notice of Articles with the B.C. Registrar of Companies.
4. The alterations to the Notice of Articles of the Company shall not take effect until the the Notice of Alteration is electronically filed with the B.C. Registrar of Companies and the Notice of Articles is altered to reflect the alterations set out in these resolutions.
5. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, under corporate seal or otherwise, all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to give implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.
6. Notwithstanding that this resolution has been duly passed by the shareholders of the Company, the Board may revoke such resolution at any time before it is effected without further action by the shareholders."



## SCHEDULE “B”

### DEFENCE THERAPEUTICS INC. CHARTER OF THE AUDIT COMMITTEE DEFENCE THERAPEUTICS INC.

#### PURPOSE AND PRIMARY RESPONSIBILITY

1. This charter sets out the Audit Committee’s purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the “**Board**”) of Defence Therapeutics Inc., (the “**Company**”), annual evaluation and compliance with this charter.
2. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

#### MEMBERSHIP

3. At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.
4. The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.
5. The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.
6. The Chair of the Audit Committee will be appointed by the Board.

#### AUTHORITY

7. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
  - (i) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
  - (ii) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
  - (iii) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

#### DUTIES AND RESPONSIBILITIES

8. The duties and responsibilities of the Audit Committee include:

- (i) recommending to the Board the external auditor to be nominated by the Board;
- (ii) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
- (iii) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- (iv) overseeing the work of the external auditor;
- (v) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;
- (vi) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
- (vii) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
- (viii) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
- (ix) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- (x) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
- (xi) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
- (xii) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
- (xiii) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

- (xiv) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
- (xv) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
- (xvi) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- (xvii) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
- (xviii) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;
- (xix) resolving disputes between management and the external auditor regarding financial reporting;
- (xx) establishing procedures for:
  1. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
  2. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (xxi) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (xxii) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (xxiii) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
- (xxiv) establishing procedures for:
  3. reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
  4. reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
  5. obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
  6. reviewing fraud prevention policies and programs, and monitoring their implementation;

7. reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
  - (I) Tax and financial reporting laws and regulations;
  - (II) Legal withholding requirements;
  - (III) Environmental protection laws and regulations; and
  - (IV) Other laws and regulations which expose directors to liability;

9. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

10. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

## **MEETINGS**

11. The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

12. The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

13. The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

14. The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

15. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

16. Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

## **REPORTS**

17. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

18. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

**MINUTES**

19. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

**ANNUAL PERFORMANCE EVALUATION**

20. The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.