



**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS OF PEDIAPHARM INC.**

**to be held Wednesday, December 12, 2018 at 10:00 a.m. (Toronto time) at 150 King  
Street West, 16th floor, Toronto, Ontario, M5H 1J9**

**November 12, 2018**



**PEDIAPHARM INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** an annual general and special meeting (the "**Meeting**") of shareholders of common shares of Pediapharm Inc. (the "Corporation") will be held at 150 King Street West, 16<sup>th</sup> floor, Toronto, Ontario, M5H 1J9, on Wednesday, December 12, 2018 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended March 31, 2018 and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at seven (7);
3. to elect the board of directors of the Corporation (the "**Board**") for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board to fix the auditor's remuneration;
5. to consider, and if thought fit, to approve, with or without variation an ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting, relating to the approval of the 2018 omnibus equity incentive compensation plan ("**Omnibus Plan**") of the Corporation; and
6. to consider, and if thought fit, to approve, by ordinary resolution of disinterested shareholders, and subject to TSXV approval, grants of up to 20% of the options to be granted pursuant to the Omnibus Plan to Insiders (or such lesser number as permitted by the TSX Venture Exchange ("**TSXV**")), such grants representing more than 10% of the total number of common shares in the capital of the Corporation ("**Common Shares**") outstanding as at the date hereof to be reserved for issuance to all Insiders (as such term is defined in the policies of the TSXV) (as a group) of the Corporation, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting;
7. to consider, and if thought fit, to approve, by ordinary resolution of disinterested shareholders, certain equity incentive grants to Insiders of the Corporation under the Omnibus Plan, such grants each representing more than 1% of the total issued and outstanding Common Shares as at the date hereof, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting;
8. to consider, and if thought fit, to approve, with or without variation a special resolution amending to the articles of the Corporation to change the name of the Corporation to "Medexus Pharmaceuticals Inc.", or such other name as the Board, in its sole discretion, deems appropriate, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting;
9. to consider, and if thought fit, to approve, with or without variation a special resolution approving the consolidation of the Common Shares on the basis of one (1) post-consolidation share for every fifteen (15) pre-consolidation shares, or such other ratio as the Board, in its sole discretion, deems appropriate, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting; and

10. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

DATED this 12<sup>th</sup> day of November, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
PEDIAPHARM INC.**

*"Pierre Lapalme"*

\_\_\_\_\_  
Pierre Lapalme

Chairman of the Board

**NOTE:**

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend the Meeting and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be received by Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

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

**INFORMATION CIRCULAR**

(Containing information as of November 12, 2018, unless indicated otherwise)

**SOLICITATION OF PROXIES**

**This management information circular (the "Information Circular") is provided in connection with the solicitation by management of proxies** from the holders of common shares in the capital of the Corporation ("**Common Shares**") to be used at the annual and special meeting of shareholders (the "**Shareholders**") of the Corporation (the "Meeting") to be held on Wednesday December 12, 2018 at 10:00 a.m. at 150 King Street West, 16<sup>th</sup> floor, Toronto, Ontario, M5H 1J9 or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (the "**Notice of Meeting**").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile, internet, email or other proxy solicitation services. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy in accordance with the instructions contained therein.

**APPOINTMENT OF PROXYHOLDER AND RIGHT OF REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy (the "**Management Designees**") are Directors and Officers of the Corporation. **A shareholder has the right to appoint as his or her proxy a person or company, who need not be a shareholder of the Corporation, other than those whose names are printed on the accompanying form of proxy.** A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy, or by completing and signing another proper form of proxy. Securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder may revoke a proxy at any time by an instrument in writing executed by him or, if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized in writing, and by sending it at the same address where the form of proxy was sent and within the delays mentioned therein, or two business days preceding the date the Meeting resumes if it is adjourned, or by delivering it to the chairman of such Meeting on the day of the Meeting or any adjournment thereof.

**REQUIRED QUORUM**

The by-laws of the Corporation provide that a quorum is reached at a shareholders' meeting of the Corporation if two (2) or more shareholders representing not less than 5% of the votes that may be casted at the Meeting are present in person or represented by proxy.

## EXERCISE OF DISCRETION BY PROXIES

The management proxy holder undertakes to respect the holder's instructions.

**In the absence of any instructions, the proxy holder will exercise the right to vote FOR each resolution on the form of proxy, in the Notice of Meeting or in the Information Circular.**

**Unless otherwise specified herein, all resolutions will be adopted by a simple majority of the votes represented at the Meeting.**

Management does not know and cannot foresee at the present time any amendments or new matters to be brought before the Meeting. If such amendments or new matters were to be brought before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in the way they consider advisable.

## INFORMATION FOR BENEFICIAL SHAREHOLDERS

**Only registered shareholders or holders of a duly designated proxy are eligible to attend and vote at the Meeting.**

Shareholders who do not hold their Common Shares in their own name (the "**Beneficial Shareholders**") are advised that only the proxies of registered shareholders may be recognized and used for a vote at the Meeting. Actual shareholders who fill out and return a proxy shall indicate the name of the person (usually a brokerage house) that holds their Common Shares as the registered shareholder. Each intermediary (broker) has its own mailing procedure and provides for its own return instructions, which should be carefully followed. The proxy provided to Beneficial Shareholders is identical to the one provided to registered shareholders. Nevertheless, its purpose is limited to instructing the registered shareholder on how to vote in the name of the Beneficial Shareholder.

If the Common Shares appear on the account statement supplied to a shareholder by a broker, then, generally speaking, these Common Shares will not be registered in the name of the shareholder in the Corporation's records. It is probable that these Common Shares will be registered in the name of the shareholder's broker or an agent of the broker. In Canada, most of these Common Shares are registered in the name of CDS & Co. (the name of registration of Canadian Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The voting rights attached to the Common Shares held by brokers or their nominees may not be exercised in favour of or against resolutions except as directed by the shareholder. Without specific instructions, brokers or nominees are prohibited from exercising the voting rights attached to the Common Shares of their customers. The directors and executive officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Brokers and other intermediaries are required to request voting instructions from the Beneficial Shareholders before shareholder meetings. Brokers and other intermediaries have their own specific sending procedures and instructions for returning documents, which must be followed to the letter by the Beneficial Shareholders so that their voting rights can be exercised at the Meeting. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder cannot be recognized at the Meeting for the purpose of directly exercising the voting rights attached to the shares registered in the name of its broker (or of an agent of such broker), he/she may

attend the Meeting as a proxy of the registered shareholder and exercise the voting rights attached to the Common Shares in connection therewith.

Unless otherwise indicated, in this Information Circular as well as the attached proxy form and Notice of Meeting, "shareholders" refers to registered shareholders.

### **PERSONS HAVING AN INTEREST IN CERTAIN MATTERS ON THE AGENDA**

Except as otherwise set out herein, the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors:

- a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;
- b) each proposed nominee for election as a director of the Corporation; and
- c) each associate or affiliate of any of the foregoing.

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

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares issuable in series without nominal or par value. As of the date hereof, there were 221,193,877 Common Shares and no preferred shares of the Corporation issued and outstanding. Each Common Share confers upon its holder the right to one vote.

Holders of Common Shares of record at the close of business on November 12, 2018 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

As of the date hereof, to the knowledge of the board of directors of the Corporation (the "**Board**", or "**Board of Directors**") or management of the Corporation, there are no persons who beneficially own, control or direct, directly or indirectly, 10% or more of the issued Common Shares of the Corporation.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. Receipt of Financial Statements**

The directors will place before the Meeting the audited financial statements for the financial year ended March 31, 2018, together with the auditors' report thereon (the "**Annual Financial Statements**"). The Annual Financial Statements have been sent to the shareholders who have requested such financial statements in accordance with applicable securities laws and are also available on the System for Electronic Document Retrieval and Analysis ("**SEDAR**") of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). No vote will be required in connection with the Annual Financial Statements.

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

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

The Board presently consists of seven (7) directors, all of whom are being nominated for re-election. It is proposed that the number of directors for the ensuing year be set at seven (7) and that the persons named below will be

nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation unless his office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act* or the Corporation's by-laws.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at seven (7). At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed be set at seven (7).**

**Unless otherwise instructed, the persons named in the accompanying form of proxy will vote FOR the setting the number of directors to be elected at seven (7).**

### 3. Election of Directors

The by-laws of the Corporation provide that the members of the Board are elected annually and that each director holds office until the next annual meeting of shareholders or until his successor is duly elected or appointed. Presently, the Corporation has seven (7) directors, each of whose term of office shall expire at the termination of the Meeting unless such director is re-elected as a director at the Meeting.

Management does not foresee that any of the nominees will be unable to serve on the Board.

The following information regarding the candidates for directors is based on the information provided to the Corporation by the candidates.

Name, city and province of residence	Office held with the Corporation	Director since	Number of Common Shares of the Corporation beneficially owned or over which control is exercised <sup>(3)</sup>	Principal occupation during the last five (5) years
Pierre Lapalme <sup>(2)</sup> Morin-Heights, Québec	Chairman of the Board and Director	December 10, 2013	2,563,744	Chairman of the Board of the Corporation since 2009. Director of BioMarin Pharmaceutical Inc. between January 2004 (Chairman of the Board of BioMarin Pharmaceutical Inc. until June 2015) and June 2016. Director of Aeterna Zentaris Inc. between 2009 and May 2016. Director of INSYS Therapeutics, Inc. since 2010.
Sylvain Chrétien Verdun, Québec	President and Chief Executive Officer and Director	December 10, 2013	8,343,797 <sup>(4)</sup>	Founder of the Corporation and President and Chief Executive Officer of the Corporation since January 2008.
Michael P. Mueller <sup>(1)(2)</sup> Toronto, Ontario	Director	May 31, 2014	510,333 <sup>(5)</sup>	Director of PSP Investments (Public Sector Pension Investment Board) between 2006 and January 2018. Chairman of the Board of PSP Investments between January 2015 and January 2018. Chairman of the Board of Revera since February 2018. Director of Mercal Capital Corporation since August 2015 (Chairman since April 2018). Director of Gensource Potash Corporation since August 2018.
Benoit Gravel <sup>(1)</sup> Laval, Québec	Director	September 22, 2018	250,000	Healthcare Council Member, Gerson Lehman Group (GLP) since April 2016. Vice-President, Global Portfolio Management & Strategic Development, Sanofi Generics – Zentiva Group, Czech Republic between February 2014 to February 2016. Vice-President, Diabetes & Specialized Care Unit, Sanofi Canada Inc. between March 2012 and January 2014.
Kenneth d'Entremont King, Ontario	Chief Operating Officer and Director	October 16, 2018	15,887,052 <sup>(6)</sup>	Chief Operating Officer of the Corporation since October, 2018. Founder, President, Chief Executive Officer and Director of Medexus Inc.,

Name, city and province of residence	Office held with the Corporation	Director since	Number of Common Shares of the Corporation beneficially owned or over which control is exercised <sup>(3)</sup>	Principal occupation during the last five (5) years
				from inception in 2000 until present.
Stephen Nelson <sup>(2)</sup> Toronto, Ontario	Director	October 16, 2018	6,604,701 <sup>(7)</sup>	Senior Vice-President, Portfolio Manager and Investment Advisor with TD Wealth Private Investment Advice. Director of Medexus Inc. from April, 2013, until October, 2018. Director of AMP Solar Group Inc. from Jan 2011 until present, as well as the head of the compensation committee at AMP Solar Group Inc. since Jan 2012 until present.
Peter van der Velden <sup>(1)</sup> Toronto, Ontario	Director	October 16, 2018	0 <sup>(8)</sup>	Managing General Partner of Lumira Capital Investment Management Inc. ("Lumira Ventures") since March, 2007. Hi is currently a Director of Edesa Biotech Inc. since September 2017 and a Director of Exact Imaging Inc. since January 2017. He served as a director of the Venture Capital and Private Equity Association (the "CVCA") for ten years and was the President and or Chairman of the CVCA from May 2012 to May 2015.

Notes:

- (1) Member of the Audit Committee of the Corporation, of which Mr. Mueller is the Chair as at the date hereof.
- (2) Member of the Compensation, Corporate Governance and Nominating Committee of the Corporation, of which Mr. Nelson is the Chair as at the date hereof.
- (3) The information as to the Common Shares beneficially owned, controlled or directed has been furnished by the respective director nominee individually.
- (4) Of the 8,343,797 Common Shares held by Mr. Chrétien, 5,660,013 are held indirectly through his holding company, Gestion Bioprisme Inc.
- (5) Of the 510,333 Common Shares held by Mr. Mueller, 25,000 are held indirectly through The Michael and Carol Mueller Family Foundation, a foundation controlled by Mr. Mueller.
- (6) Includes the Common Shares held by Mr. d'Entremont's spouse and the d'Entremont Family Trust, of which Mr. d'Entremont is a trustee.
- (7) Includes the Common Shares held by the JARR Family Trust of which Mr. Nelson is a trustee, and the shares held by Mr. Nelson's spouse. Mr. Nelson also owns or has control over an aggregate of \$225,000 in 6% unsecured convertible debentures.
- (8) Mr. van der Velden owns or has control over an aggregate of \$6,000,000 in 6% unsecured convertible debentures held by Lumira Capital IV, L.P. and Lumira Capital IV (International) L.P.

Other than as set forth below, to the knowledge of the Corporation, none of the above-mentioned candidates:

- (a) is, as at the date of the Information Circular, or has been, within the last ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that:
  - (i) was the subject of 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 applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an "Order"), which Order was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, as at the date of the Information Circular, or has been, within the last ten years before the date hereof, a director or executive officer of any company that, while the proposed director 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
- (c) has, as at the date of the Information Circular, or within the last ten years before the date hereof, 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 his assets.



Between October 2003 and January 2009, Pierre Lapalme was a director of Bioxel Pharma Inc. ("**Bioxel**"), a company listed on the TSX Venture Exchange ("**TSXV**") that was the subject of a cease trade order in British Columbia, issued on December 16, 2008, for its failure to complete the filing of its interim financial statements and management discussion and analysis for the financial period ended September 30, 2008. Cease trade orders were subsequently issued in the provinces of Québec, Ontario and Alberta relating to the failure of Bioxel to complete regulatory filings. These cease trade orders were issued subsequent to Bioxel's application for creditor protection, as is further described below.

Mr. Lapalme was a director of Bioxel when it made, on December 12, 2008, an application to the Superior Court of Québec under the *Companies' Creditors Arrangement Act* (Canada). On January 14, 2009, Mr. Lapalme resigned as a director of Bioxel. Bioxel later made an assignment in bankruptcy on April 9, 2009.

Between March 2013 and November 18, 2016, Michael Mueller was a director of Magor Corporation ("**Magor**"), a company listed on the TSXV. On November 30, 2016, Magor announced it had proactively filed a Notice of Intention to Make a Proposal ("**Notice of Intention**") pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada). As a result, Magor was transferred to NEX, a separate board of the TSXV. Pursuant to the Notice of Intention, Ernst & Young Inc. was appointed as the trustee in the Magor's proposal proceedings. Magor completed its restructuring transaction on July 11, 2017.

To the knowledge of the Corporation, no candidate for election as director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority;
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder having to decide to vote for a candidate.

**You can vote for the election of all the candidates described above, vote for the election of some of them and withhold from voting for others, or withhold from voting for all of them. Unless otherwise instructed, the persons named in the accompanying form of proxy will vote FOR the election of each of the candidates described above as director of the Corporation.**

#### **4. Appointment of Auditor**

The current auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants ("**PwC**"). PwC have been the auditors of the Corporation since December, 2013.

Shareholders will be asked at the meeting to vote for the appointment of PwC as auditors of the Corporation, until the next annual general meeting of shareholders or until a successor is appointed, and to authorize Directors to fix their remuneration.

**The persons named in the accompanying form of proxy will vote FOR the appointment of PwC as auditors of the Corporation to hold office until the next annual meeting of the shareholders of the Corporation and the authorization for the Corporation's directors to fix their remuneration, unless the shareholders signing the proxy has indicated his/her intention to abstain from voting in connection therewith.**

#### **5. Approval of Omnibus Equity Incentive Compensation Plan**

The Corporation proposes to adopt a new omnibus equity incentive compensation plan (the "**Omnibus Plan**") to replace the Corporation's existing stock option plan (the "**Predecessor Plan**"), subject to shareholder approval. Pursuant to the policies of the TSXV, the Omnibus Plan must be approved by shareholders at the annual meeting of the shareholders. The full text of the Omnibus Plan is set out in Schedule "B" attached hereto and a summary thereof is included below. The summary, however, is qualified in its entirety by the terms of the Omnibus Plan.

A summary of the material terms of the plan are as follows:

The Omnibus Plan of the Corporation will, in respect of options to purchase Common Shares, serve as the successor to the Predecessor Plan, and no further options to purchase Common Shares shall be granted under the Predecessor Plan from and after the effective date of the Omnibus Plan.

The purposes of the Omnibus Plan will be to: (i) provide the Corporation with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants; (ii) align the interests of eligible participants in the Omnibus Plan ("**Participants**") with that of other shareholders of the Corporation generally; and (iii) enable and encourage Participants to participate in the long-term growth of the Corporation through the acquisition of Common Shares as long-term investments.

The Omnibus Plan will be administered by the Board (or a committee thereof) and will provide that the Board may from time to time, in its discretion, and in accordance with TSXV or any other stock exchange on which the Common Shares are listed (the "**Exchange**") requirements, grant to eligible Participants, non-transferable awards (the "**Awards**"). Such Awards will include stock options ("**Options**"), restricted share units ("**RSUs**"), deferred share units ("**DSUs**") and performance share units ("**PSUs**").

The Omnibus Plan will function as a Fixed Stock Option Plan (as is defined in the policies of the Exchange) and as such, the maximum number of Common Shares issuable pursuant to all Awards issued under the Omnibus Plan shall not exceed 20% of the outstanding Common Shares as of the Record Date. To the extent that an Award lapses or the rights of its Participant terminate, any Common Shares subject to such award shall again be available for the grant of an Award.

The maximum number of Common Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Common Shares, or 2% in the case of a grant of Awards to any consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the Exchange), calculated on the date an Award is granted to the Participant, unless disinterested shareholder approval as required by the policies of the Exchange is obtained. Further, unless disinterested shareholder approval as required by the policies of the Exchange is obtained: (i) the maximum number of Common Shares for which Awards may be issued to insiders of the Corporation (as a group) at any point in time shall not exceed 10% of the outstanding Common Shares; and (ii) the aggregate number of Awards granted to insiders of the Corporation (as a group), within any 12-month period, shall not exceed 10% of the outstanding Common Shares, calculated at the date an Award is granted to any insider.

The Omnibus Plan will provide for customary adjustments or substitutions, as applicable, in the number of Common Shares that may be issued under the Omnibus Plan in the event of a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Corporation, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Corporation, or any similar corporate event or transaction.

In the event of an actual or potential Change of Control (as is customarily defined in the Omnibus Plan) of the Corporation, the Board shall have discretion as to the treatment of Awards, including whether to (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Awards; (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised prior to the successful completion of such Change of Control. If there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, if the Participant is an employee, officer or a director and their employment, or officer or director position is terminated within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.

The following is a summary of the various types of Awards issuable under the Omnibus Plan.

### *Options*

Subject to the terms and conditions of the Omnibus Plan, the Board may grant Options to Participants in such amounts and upon such terms (including the exercise price, duration of the options, the number of Common Shares to which the Option pertains, and the conditions, if any, upon which an Option shall become vested and exercisable) as the Board shall determine.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the Common Shares on the Exchange less any discount permitted by the rules or policies of the Exchange at the time the Option is granted. Such price upon exercise of any Option shall be payable to the Corporation in full in cash, certified cheque or wire transfer.

Unless otherwise specified in an Award agreement granting Options, Options shall vest subject to Exchange policies, and the Board may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

Subject to any requirements of the Exchange, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a black out period, Options may be exercised for a period of up to ten years after the grant date, provided that: (i) upon a Participant's termination for cause, all Options, whether vested or not as at the date on which a Participant ceases to be eligible to participate under the Omnibus Plan as a result of termination of employment (the "**Termination Date**") will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable for a period of 12 months after the Termination Date; (iii) in the case of the disability of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Option Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; and; (v) in all other cases where a Participant ceases to be eligible under the Omnibus Plan, including a termination without cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable for a period of 90 days after the Termination Date.

### *Restricted Share Units*

Subject to the terms and conditions of the Omnibus Plan, the Board may grant RSUs to Participants in such amounts and upon such terms (including restrictions based upon time-based restrictions on vesting, restrictions under applicable laws or under the requirements of the Exchange) as the Board shall determine.

Unless otherwise specified in an Award agreement granting RSUs, RSUs shall vest at the discretion of the Board, subject to the policies of the Exchange, provided that, and subject to the Board's discretion: (i) upon a Participant's termination for cause, all RSUs, whether vested (if not yet paid out) or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested RSUs as at the Termination Date shall automatically and immediately vest and be paid out; (iii) in the case of the disability of a Participant, all RSUs shall remain and continue to vest in accordance with the terms of the Omnibus Plan for a period of 12 months after the Termination Date, provided that any RSUs that have not been vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such RSUs, to determine whether to accelerate the vesting of such RSUs, cancel such RSUs with or without payment and determine how long, if at all, such RSUs may remain outstanding following the Termination Date, provided, however, that in no event shall such RSUs be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be eligible under the Omnibus Plan, including a termination without cause or a voluntary resignation, unless otherwise determined by the Board, all unvested RSUs shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested RSUs will be paid out in accordance with the Omnibus Plan.

When and if RSUs become payable, the Participant issued such RSUs shall be entitled to receive payment from the Corporation in settlement of such RSU: (i) in a number of Common Shares (issued from treasury) equal to the number of RSUs being settled, or (ii) in any other form, all as determined by the Board at its sole discretion. The Board's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the RSUs.

Participants holding RSUs may, if the Board so determines, be credited with dividends paid with respect of the underlying Common Shares or dividend equivalents while they are so held in a manner determined by the Board in its sole discretion.

#### *Deferred Share Units*

Subject to the terms and conditions of the Omnibus Plan, the Board may grant DSUs to Participants in such amounts and upon such terms (including the requirement that Participants pay a stipulated purchase price for each DSU, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the Exchange, or holding or sale restrictions placed on the Common Shares by the Corporation upon vesting of such DSUs) as the Board shall determine.

When and if DSUs become payable, the Participant issued such DSUs shall be entitled to receive payment from the Corporation in settlement of such DSU: (i) in a number of Common Shares (issued from treasury) equal to the number of DSUs being settled, or (ii) in any other form, all as determined by the Board at its sole discretion. The Board's determination regarding the form of payout shall be set forth or reserved for later determination in the Award agreement for the grant of the DSUs.

Participants holding DSUs may, if the Board so determines, be credited with dividends paid with respect of the underlying Common Shares or dividend equivalents while they are so held in a manner determined by the Board in its sole discretion.

The extent to which a Participant shall have the right to retain DSUs following termination the Participant's employment or other relationship with the Corporation shall be determined in the sole discretion of the Board, and need not be uniform among all DSUs issued pursuant to the Omnibus Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with the applicable rules of the Exchange.

#### *Performance Share Units*

Subject to the terms and conditions of the Omnibus Plan, the Board may grant PSUs to Participants in such amounts and upon such terms (including the performance criteria applicable to such PSUs) as the Board shall determine. Each PSU shall have an initial value equal to the fair market value of a Common Share on the date of grant. After the applicable performance period has ended, the holder of a PSU shall be entitled to receive payout on the value and number of PSUs, determined as a function of the extent to which the corresponding performance criteria have been achieved.

Subject to the terms of the Omnibus Plan, the Board, in its sole discretion, may pay earned PSUs in the form of a number of Common Shares issued from treasury equal to the number of earned PSUs at the end of the applicable performance period. Any Common Shares may be granted subject to any restrictions deemed appropriate by the Board.

Participants holding PSUs may, if the Board so determines, be credited with dividends paid with respect of the underlying Common Shares or dividend equivalents while they are so held in a manner determined by the Board in its sole discretion.

The extent to which a Participant shall have the right to retain PSUs following termination the Participant's employment or other relationship with the Corporation shall be determined in the sole discretion of the Board, and need not be uniform among all PSUs issued pursuant to the Omnibus Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with the applicable rules of the Exchange.

At the Meeting, shareholders of the Corporation will be asked to consider, and if thought appropriate, pass an ordinary resolution substantially in the form noted below to approve the Omnibus Plan and to authorize the issuance of Awards to purchase up to 20% of the outstanding Common Shares to Participants, all in accordance with the Omnibus Plan.

The resolution respecting the approval of the Omnibus Plan will require the affirmative vote of a majority of the votes cast thereon at the Meeting. Management of the Corporation recommends that shareholders vote in favour of the resolution to approve the Omnibus Plan. Consequently, the shareholders will be asked to adopt the following resolution:

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

1. the omnibus equity incentive compensation plan substantially in the form attached as Schedule "B" to the management information circular of the Corporation dated November 12, 2018 (the "**Omnibus Plan**") is hereby approved, ratified and adopted by the Corporation;
2. all issued and outstanding stock options or other equity incentive compensation awards previously granted are hereby continued under and governed by the Omnibus Plan;
3. the board of directors ("**Board**") of the Corporation be authorized to confirm and ratify the grant of Awards (as defined in the Omnibus Plan) to Participants (as defined in the Omnibus Plan), provided that all such grants are in accordance with the terms of the Omnibus Plan as approved in resolution (a) above;
4. the shareholders of the Corporation hereby expressly authorize the Board to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the terms of the foregoing."

**The persons named in the accompanying proxy form will vote FOR the resolution confirming the Omnibus Plan unless the shareholder signing the proxy has indicated his/her intention to vote against it.**

**6. Disinterested Shareholder Approval of Omnibus Plan Award Grants to Insiders**

Pursuant to the terms of the Omnibus Plan, the Board has, subject to disinterested shareholder approval, approved RSU grants to Insiders of the Corporation such number of Awards as would equal, together with Options and other convertible securities issued under the Predecessor Plan, greater than 10% of the issued and outstanding Common Shares as at the date hereof, as permitted to be issued to Insiders by TSXV Policy 4.4 – *Incentive Stock Options* ("**Policy 4.4**"), unless approval by a majority of disinterested shareholders of the Corporation (as such term is used in Policy 4.4) is obtained with respect to such grants. In addition, the terms of the Omnibus Plan permit the Corporation to issue PSUs, RSUs, and DSUs to Insiders in an amount, in the aggregate, that would equal not greater than 2% of the issued and outstanding Common Shares of the Corporation, in any 12 month period, without disinterested shareholder approval.

Management believes further Award grants to Insiders may be appropriate, after taking into consideration the RSU Grants (as defined herein) proposed to be approved by disinterested shareholders (which for the purposes of this resolution, will exclude the votes attaching to Common Shares beneficially owned or controlled by Insiders whom Awards have been, or may be granted to under the Omnibus Plan), to ensure that it retains the ability to issue Awards to its officers and directors as long term equity based performance incentives which are a key component of the Corporation's compensation strategy.

At the meeting, the disinterested shareholders will be asked to consider and if thought fit, approve an ordinary resolution authorizing the Corporation to issue Awards under the Omnibus Plan to Insiders in such amounts as would in the aggregate equal up to 20% of the issued and outstanding Common Shares of the Corporation as at the

date of approval by the Corporation's shareholders of the Omnibus Plan (the "**Insider Award Resolution**"), conditional on the implementation of the Omnibus Resolution and TSXV approval.

Disinterested shareholders will be asked to approve the following ordinary resolution in order to approve the issuance of Insider grants exceeding 10% of the issued and outstanding Common Shares:

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE DISINTERESTED SHAREHOLDERS THAT:**

1. subject to regulatory approval, including approval of the TSX Venture Exchange ("**TSXV**"), the Corporation be and is hereby authorized to grant equity incentive compensation awards ("**Awards**") equal to up to 20% of the issued and outstanding common shares in the capital of the Corporation ("**Common Shares**") pursuant to the Omnibus Plan (as defined in the Management Information Circular dated November 12, 2018, as calculated on a fixed basis as at November 12, 2018, to Insiders (as such term is defined in the policies of the TSXV) (as a group)), such grants representing more than 10% of the total issued and outstanding Common Shares;
2. the Corporation be and is hereby authorized to issue under the Omnibus Plan such number of restricted share units, deferred share units and performance share units to the Insiders of the Corporation, in any 12 month period, that would, in the aggregate, exceed 2% of the issued and outstanding Common Shares of the Corporation;
3. the board of directors ("**Board**") is hereby authorized to make any changes, including any reduction in the number of Awards permitted to be granted thereunder, as may be required by the TSXV;
4. notwithstanding approval of the disinterested shareholders of the Corporation as herein provided, the Board may, in its sole discretion, revoke this ordinary resolution of disinterested shareholders before it is acted upon without further approval of the shareholders of the Corporation; and
5. any one (1) director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

The Board believes that the Insider Award Resolution is in the best interests of the Corporation and recommend that shareholders vote FOR the Insider Award Resolution set out above. In order for the resolution to pass, the resolution must be approved by a majority of the votes cast by disinterested shareholders in person or represented by proxy at the Meeting.

**Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the Common Shares represented by proxies FOR the Insider Award Resolution.**

## **7. RSU Grant Resolution**

Concurrent with the approval of the Omnibus Plan by the Board and following completion of the acquisitions of Medexus Inc. and Medac Pharma, Inc. by the Corporation, and the concurrent financing, the Board approved certain RSU grants under the terms of the Omnibus plan (the "**RSU Grants**") to Insiders (as such term is defined in Exchange Policies) of the Corporation ("**Participating Insiders**"), with such grants being conditional on receiving approval by the shareholders of the Corporation of the Omnibus Plan. In addition, as the RSU Grants, together with Options and equity incentive awards previously awarded, would result in Participating Insiders holding individually such number of Awards as would exceed 1% of the issued and outstanding Common Shares of the Corporation if exercised, the Corporation is required to obtain disinterested shareholder approval pursuant to the terms of the Omnibus Plan.

The RSU Grants comprise in the aggregate, 16,059,692 RSUs, prior to taking into consideration the proposed Consolidation (as defined herein) with each RSU Grant vesting upon the first, second, third and fourth anniversaries of the effective date of such grants.

Accordingly, the votes attaching to Common Shares held by the Participating Insiders will be excluded from the vote on this resolution. Disinterested shareholders will be asked to approve the following ordinary resolution in order to approve the issuance of the RSU Grants:

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE DISINTERESTED SHAREHOLDERS THAT:**

1. the issuance of 4,817,908 Restricted Share Units ("**RSUs**") under the Omnibus Plan (as defined in the Management Information Circular dated November 12, 2018) to Kenneth d'Entremont is hereby approved, ratified, and confirmed;
2. the issuance of 4,817,908 RSUs under the Omnibus Plan to Sylvain Chrétien is hereby approved, ratified, and confirmed;
3. the issuance of 3,211,938 RSUs under the Omnibus Plan to Roland Boivin is hereby approved, ratified, and confirmed;
4. the issuance of 3,211,938 RSUs under the Omnibus Plan to Terri Shoemaker is hereby approved, ratified, and confirmed;
5. the Board be and is hereby permitted to grant to Kenneth d'Entremont, Sylvain Chrétien, Roland Boivin, and Terri Shoemaker such other Awards within 12 months of the date of the Meeting, as the directors may, in their sole discretion, deem appropriate, without being required to obtain further disinterested shareholder pursuant to the terms of the Omnibus Plan;
6. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Company, to execute and deliver all such further agreements, documents and instruments and to perform all such other acts, deeds and things as such director or officer may deem to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination; and
7. notwithstanding the foregoing approval, the directors of the Corporation be and are hereby authorized to abandon all or any part of these resolutions at any time prior to giving effect there to without further notice to or approval of the shareholders of the Corporation."

The Board believes that the Omnibus Grants are in the best interests of the Corporation and recommend that shareholders vote FOR the Omnibus Grant Resolution set out above. In order for the resolution to pass, the resolution must be approved by a majority of the votes cast by disinterested shareholders in person or represented by proxy at the Meeting.

**Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the Common Shares represented by proxies FOR the Omnibus Grant Resolution.**

## **8. Share Consolidation**

At the Meeting, the shareholders of the Corporation will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution authorizing the Board, in its sole discretion, to consolidate the Common Shares on the basis of one (1) post-consolidation share for up to every fifteen (15) pre-consolidation shares (the "**Consolidation**").

The Consolidation must be approved by special resolution of shareholders in order to become effective. To pass, a special resolution requires the affirmative vote of not less than two-thirds of the votes cast by the holders of the Common Shares present at the Meeting in person or by proxy.

The Consolidation is subject to approval of the TSXV and the actual timing for implementation, if any, of the Consolidation would be determined by the Board of Directors based upon its evaluation as to when such action would be most advantageous to the Corporation and its shareholders. The Board reserves the right, even after shareholder approval, to forego or postpone the implementation of the Consolidation if it determines that such action is not in the best interests of the Corporation. No further approval or action by or prior notice to shareholders would be required in order for the Board of Directors to abandon the Consolidation. If the Consolidation is not implemented prior the next annual meeting of shareholders, the shareholder approval granted in respect of the Consolidation will be deemed to have been revoked and the Board will be required to obtain new shareholder approval if it wishes to implement a share consolidation.

Because the Consolidation would apply to all of the issued and outstanding common shares of the Corporation, the proposed Consolidation would not alter the relative rights and preferences of existing shareholders nor affect any shareholder's proportionate equity or voting interest in the Corporation, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional share, as discussed further below.

#### *Purpose of the Consolidation*

It is the Board of Directors' opinion that the Corporation's existing issued and outstanding Common Share structure is not conducive to support the Corporation's planned operations and that the Consolidation will facilitate attracting new investors to the Corporation. Additionally, implementing the Consolidation is anticipated to put the Corporation in a stronger position to take advantage of potential new opportunities. A sustained higher per share price of the Common Shares, which the Corporation would expect as a result of the Consolidation, may heighten the interest of the financial community in the Corporation and broaden the pool of investors that may consider investing in the Corporation, potentially increasing the liquidity of the Common Shares. As a matter of policy, many institutional investors are prohibited from purchasing stocks below certain minimum price levels. For the same reason, brokers often discourage their customers from purchasing such stocks. To the extent that the price per share of the Common Shares remains at a higher per share price as a result of the Consolidation, some of these concerns may be alleviated.

#### *Principal Effect of the Share Consolidation Resolution*

##### *Effect on Common Shares*

The principal effect of the Consolidation, if the Share Consolidation Resolution is approved, will be that the number of Common Shares issued and outstanding will be reduced from 221,193,877 Common Shares as of the date of this Circular to approximately 14,746,258 Common Shares (depending on the number of fractional shares resulting from the Consolidation).

If the Share Consolidation Resolution is approved, management intends to file the articles of amendment in accordance with the *Canada Business Corporations Act*, upon which time the Consolidation will come into effect. It must be noted that, the Share Consolidation Resolution permits the Board of Directors to revoke the Share Consolidation Resolution in whole or in part without further approval by the shareholders at any time prior to filing the Articles of Amendment, if in the Board of Directors' discretion, it is deemed desirable to do so.

The Consolidation will affect all shareholders uniformly and will not affect any Shareholder's percentage interest in the Corporation except to the extent that the Consolidation would otherwise result in any Shareholder owning a fractional share. See "Fractional Shares" below.

Upon filing of the Articles of Amendment, the Consolidation shall take effect, and the Common Shares will be consolidated as set out above. In accordance with the rules of the TSXV, a new CUSIP number will be assigned and replacement share certificates will be issued. Following the Consolidation, the Corporation shall issue a press release announcing that the Consolidation has occurred. In this case, in order to obtain a new share certificate evidencing the Common Shares after the Consolidation, shareholders shall tender the certificates evidencing their Common Shares. To this end, the shareholders will complete the letter of transmittal which will be sent to Registered



Shareholders following the Meeting assuming the approval of the Share Consolidation Resolution which contains instructions with respect to the surrender of the Common Share certificates and return both the letter of transmittal and Common Share certificates to the Transfer Agent. Then the Transfer Agent shall issue the new share certificates to all of those Registered Shareholders who have submitted their letters of transmittal.

#### *Effect on Fractional Shares*

No fractional shares will be issued as a result of the Consolidation. In the event that the Consolidation would otherwise result in the issuance of a fractional share, no fractional share will be issued and such fraction will be rounded up to the nearest whole number if 0.5 or greater and down to the nearest whole number if less than 0.5. In all other respects, the post-consolidated Common Shares will have the same attributes as the pre-consolidation Common Shares.

#### *Effect on Convertible Securities, Stock Options and Other Arrangements*

The exercise or conversion price and/or the number of Common Shares issuable under any outstanding convertible securities, including the Corporation's outstanding convertible debentures, stock options, warrants and any other similar securities, will be proportionately adjusted upon the implementation of Consolidation, in accordance with the terms of such securities.

#### *If the Share Consolidation Resolution is not approved*

In the event that the Share Consolidation Resolution does not receive the requisite approval, the Corporation will not proceed with the Consolidation and the articles of the Corporation will remain unchanged.

#### *Risks Related to the Consolidation*

The Corporation's total market capitalization immediately after the proposed Consolidation may be lower than immediately before the proposed Consolidation. There are numerous factors and contingencies that could affect the share price of the Common Shares following the Consolidation, including the state of the market for the Common Shares at the time, the Corporation's reported results of operations in future periods, and general economic, geopolitical, stock market and industry conditions. Accordingly, the market price of the Common Shares may not be sustainable at the direct arithmetic result of the Consolidation, and may be lower. If the market price of the Common Shares is lower than it was before the Consolidation, the Corporation's total market capitalization (the aggregate value of all Common Shares at the prevailing market price) after the Consolidation may be lower than before the Consolidation.

If the Consolidation is implemented, the resulting per share market price may not attract institutional investors or investment funds and may not satisfy the investing guidelines of such investors, and consequently, the trading liquidity of the Common Shares may not improve.

While the Board of Directors believes that a higher share price may help generate investor interest in the Common Shares, the Consolidation may not result in a per share market price that will attract institutional investors or investment funds and such share price may not satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of the Common Shares may not necessarily improve.

A decline in the market price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. If the Consolidation is implemented and the market price of the Common Shares declines, the percentage decline may be greater than would occur in the absence of the Share Consolidation Resolution. The market price of the Common Shares will, however, also be based on the Corporation's performance and other factors, which are unrelated to the number of Common Shares outstanding.

#### *Odd lots*

The Consolidation may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "board lots" of even multiples of 100 Common Shares.

### ***Special Resolution - Share Consolidation Resolution***

At the Meeting, the shareholders of the Corporation will be asked to approve the Share Consolidation Resolution in the form set out below authorizing the Consolidation (the "**Share Consolidation Resolution**"):

#### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the articles of Pediapharm Inc. (the "**Corporation**") are amended to consolidate the issued shares of the Corporation on the basis of one (1) post-consolidation share for up to fifteen (15) pre-consolidation shares, or such other ratio as the board of directors the Corporation, in its sole discretion, deems appropriate;
2. in the event that the consolidation would otherwise result in the issuance of a fractional share, no fractional share will be issued and such fraction will be rounded up to the nearest whole number if 0.5 or greater and down to the nearest whole number if less than 0.5;
3. the Corporation be and is hereby authorized and directed to file articles of amendment pursuant to *Canada Business Corporations Act* in order to give effect to this special resolution;
4. upon the articles of amendment becoming effective, the Corporation's transfer agent shall issue replacement certificates to the holders of common shares upon presentation and surrender for cancellation to its transfer agent of a certificate evidencing shares of the Corporation;
5. any director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute and deliver, under the corporate seal of the Corporation or otherwise, all such documents and instruments and to do all such acts and things as in his or her opinion may be necessary or desirable to give full effect to this special resolution; and
6. notwithstanding approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

#### **Recommendation of the Board of Directors**

The Board of Directors has determined that the Consolidation is in the best interests of the Corporation and the shareholders. The Board of Directors recommends that shareholders vote FOR the adoption of the Share Consolidation Resolution.

**Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the Common Shares represented by proxies FOR the Share Consolidation Resolution.**

#### **9. Name Change**

Shareholders will be asked to consider and, if deemed advisable, to adopt the Name Change Resolution, the full text of which is set forth below authorizing an amendment to the articles of incorporation of the Corporation in order to change the name of the Corporation from Pediapharm Inc. to "Medexus Pharmaceuticals Inc.", or to such other name as the Board of Directors may, in its sole discretion, determine to be appropriate. The purpose of the name change of the Corporation is to reflect the new strategic direction of the Corporation.

The Name Change Resolution must be approved by special resolution of shareholders in order to become effective. To pass, a special resolution requires the affirmative vote of not less than two-thirds of the votes cast by the holders of the Common Shares present at the Meeting in person or by proxy.

The name change is subject to the approval of the TSXV. Even if approved by the shareholders, the Board of Directors may determine not to proceed with the name change authorized by the Name Change Resolution at its discretion, without further approval of the shareholders.

### ***Special Resolution - Name Change Resolution***

At the Meeting, the shareholders of the Corporation will be asked to approve the Name Change Resolution in the form set out below authorizing the change of name of the Corporation (the "**Name Change Resolution**");

#### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the change of the name of the Corporation to "Medexus Pharmaceuticals Inc." or to such other name as the Board of Directors in its sole discretion determine is appropriate, subject to the approval of the TSX Venture Exchange, is authorized and approved;
2. any director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute on behalf of the Corporation, and to deliver or cause to be delivered all such documents, agreements and instruments and to do all such acts and things as in his or her opinion may be necessary or desirable to give full effect to this special resolution; and
3. notwithstanding approval of the shareholders of the Corporation as herein provided, the Board of Directors of the Corporation may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

#### **Recommendation of the Board of Directors**

The Board of Directors has determined that the Name Change Resolution is in the best interests of the Corporation. The Board of Directors recommends that shareholders vote FOR the adoption of the Name Change Resolution.

**Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the Common Shares represented by proxies FOR the Name Change Resolution.**

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Interpretation**

"**Named Executive Officer**" ("**NEO**") means:

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

The NEOs who are the subject of this Compensation Discussion and Analysis for the financial year ended March 31, 2018 are Sylvain Chrétien, President and Chief Executive Officer, Roland Boivin, Chief Financial Officer, Richard Labelle, Vice-President, Sales and Marketing and Benoît Hébert, Vice-President, Business Development and Licensing.

#### **Objectives and Philosophy of the Compensation Program**

The Corporation's executive compensation philosophy and program objectives are directed primarily by two guiding principles. First, the program is intended to provide competitive levels of compensation, at expected levels of

performance, in order to attract, motivate and retain talented executives. Second, the program is intended to create an alignment of interest between the Corporation's executives and shareholders so that a portion of each executive's compensation is linked to maximizing shareholder value. In support of this philosophy, the executive compensation program is design to reward performance that is directly relevant to the Corporation's short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that varies based on overall corporate performance and each NEO's individual performance.

The Corporation's executive compensation program is structured into three main components: base salary, annual incentives (bonuses) and long-term incentives by way of the grant of stock options. The following discussion describes the Corporation's executive compensation program by component of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. In establishing the executive compensation program, the Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation's NEOs;
- annual incentive bonuses encourage and reward performance over the financial year; and
- grants of stock options ensure that the NEOs are motivated to achieve long-term growth of the Corporation, contribute to increasing shareholder value and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary, annual incentives (bonuses) and the grant of options. Annual incentives (bonuses) are related to performance and may form a greater or lesser part of the entire compensation package in any given year.

#### **Purpose of the Compensation Program**

The Corporation's executive compensation program has been designed to accomplish the following long-term objectives:

- (a) create a proper balance between building shareholder wealth and competitive executive compensation while maintaining good corporate governance;
- (b) produce long-term, positive results for the Corporation's shareholders;
- (c) align executive compensation with corporate performance; and
- (d) provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

#### **Compensation Process**

As at the date of this Management Information Circular, the Corporation has not implemented a formal written policy with respect to the remuneration of its NEOs. The Board of Directors has delegated to the Compensation, Corporate Governance and Nominating Committee the responsibility of determining on an annual basis for each NEO the amounts of the three main components of the Corporation's executive compensation. In general, the Compensation, Corporate Governance and Nominating Committee meets *in camera* without management present to discuss the compensation of NEOs.

#### **Elements of the Compensation**

The base salaries of the NEOs are reviewed annually to ensure that the following factors are considered: the market and economic conditions, the levels of responsibility and accountability of each NEO, the skill and competencies of each individual, retention considerations and the level of demonstrated performance.

Base salaries, including that of the Chief Executive Officer, are reviewed by the Compensation, Corporate Governance and Nominating Committee on the basis of its opinion as to a fair and responsible compensation package, taking into

account the contribution to the Corporation's long-term growth and the Compensation, Corporate Governance and Nominating Committee members' knowledge of remuneration practices in Canada without recourse to any particular benchmark group or analysis process.

The Compensation, Corporate Governance and Nominating Committee's philosophy with respect to NEOs' bonuses is to align the grants of bonuses with the performance of the Corporation and the individual performance of each NEO.

The Corporation provides long-term incentive compensation to its NEOs previously through the Predecessor Plan, and now through the Omnibus Plan. The Compensation, Corporate Governance and Nominating Committee recommends the granting of Awards from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the importance and nature of the position held by the NEO, the number of options already outstanding, the number of options already granted to the NEOs, globally and individually, and overall success of the Corporation and higher returns to its shareholders. As such, the Compensation, Corporate Governance and Nominating Committee is also responsible for making recommendations to the Board of Directors including amendments to the Corporation's equity compensation plans, if needed.

The Compensation, Corporate Governance and Nominating Committee believes that the perquisites for NEOs should be limited in scope and value. For the financial year ended March 31, 2018, the perquisites provided to NEOs in each case were not worth \$50,000 or more and were not worth 10% or more of an NEO's total salary.

The Corporation believes that its compensation program encourages NEOs to align their behaviour with the long-term interests of the Corporation and its shareholders. The Compensation, Corporate Governance and Nominating Committee ensures that the Corporation's compensation program respects applicable laws and seeks, within its means, to monitor possible compensation risk. The monitoring process involves a review of the compensation program based on the nature and mix of performance measures, the weighting of the compensation elements within the pay mix and the goal-setting process.

The Corporation's Insider Trading Policy provides that executives may trade in the Corporation's securities only within predetermined trading periods and may not trade in the Corporation's securities if they are aware of undisclosed material information. Executives are also instructed to obtain the approval of the Corporation before trading in the Corporation's securities in all circumstances. To the knowledge of the Corporation, none of the NEOs or directors has purchased financial instruments, including, prepaid variable contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the NEO or director.

The Board of Directors can exercise discretion, either to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout. For the financial year ended March 31, 2018, the Board of Directors has not exercised such discretion.

During the financial year ended March 31, 2018, the Corporation did not make any significant changes to its global compensation policy.

### **Compensation Governance**

As at March 31, 2018, the Compensation, Corporate Governance and Nominating Committee was composed of Pierre Lapalme and Michael P. Mueller. As of the date hereof, Stephen Nelson has also been appointed to the Compensation, Corporate Governance and Nominating Committee, and is currently the Chair. All members are independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Mr. Lapalme has been a member of the Board of BioMarin Pharmaceutical Inc. from January 2004, and Chairman between June 2004 and June 2015, until his retirement in June 2016. Throughout his career, Mr. Lapalme has held numerous senior management positions in the pharmaceutical industry, including Chief Executive Officer and Chairman of Rhone Poulenc Pharmaceuticals Inc. in Canada from 1979 to 1990 as well as Senior Vice-President and General Manager of Rhone Poulenc Rorer Inc. (now known as Sanofi) where he oversaw the development of the pharmaceutical business in the United States, Canada, Mexico and Central America. Mr. Lapalme served on the Board of the National Pharmaceutical Counsel in the United States and was a Board member of the Pharmaceutical

Manufacturers Association of Canada where he played a leading role in reinstating certain patent protection for pharmaceuticals. Mr. Lapalme was a Board member and Chairman of the Board of Sciele Pharma Inc. from 2000 to 2008 when the company was acquired by Shionogy Inc. Mr Lapalme is a board member of a private Biotech company and a member of the Board of Insys Therapeutics Inc. which is listed on the Nasdaq. Mr. Lapalme studied at the University of Western Ontario and INSEAD France.

Mr. Mueller was the Chairman of PSP Investments (Public Sector Pension Investment Board) until January 2018. Mr. Mueller is currently Chairman of Revera and Mercal Capital Corporation. He is also on the Board of Smarter Alloys Inc. and Emily's House. From 2003 to 2005, he was President and Chief Executive Officer of MDS Capital Corporation. Prior to that, Mr. Mueller held a series of senior positions at TD Bank Financial Group, including Senior Vice President and Country Head of its USA Division, Executive Vice President of Global Credit and Vice Chairman and head of Global Investment Banking. Mr. Mueller is a former director of MDS Capital Corporation, the Canadian Medical Discoveries Funds I and II, the British Columbia Medical Innovations Fund and Medical Discoveries Management Corporation, Health Ventures Inc.

Mr. Nelson has over 25 years of experience in the investment industry. He is currently Senior Vice-President, Portfolio Manager and Investment Advisor with TD Wealth Private Investment Advice, and he has been with TD Bank for over 20 years in various roles. Mr. Nelson currently manages over \$2 billion of investment assets. His performance as a portfolio manager and investment advisor has resulted in his designation as a member of TD Waterhouse's President's Club for the past 16 consecutive years. In addition, Mr. Nelson has served as a director of a number of private companies, including Medexus Inc. from April 2013 until October 2018, and AMP Solar Group Inc. from Jan 2011 until present, and is a noted author of bestselling finance texts. He received his Bachelor of Arts (Economics) from the University of Western Ontario.

The Board of Directors considers that members of the Compensation, Corporate Governance and Nominating Committee together have the knowledge, the experience and the right profile in order to fulfill their mandate. All members of the Compensation, Corporate Governance and Nominating Committee have the competencies and experience in compensation policies and practice in decision-making.

The primary role and responsibility of the Compensation, Corporate Governance and Nominating Committee concerns human resources and compensation policies and processes. Among the main responsibilities of the Compensation, Corporate Governance and Nominating Committee is recommending the compensation of the Corporation's executive officers to the Board of Directors.

If the Compensation, Corporate Governance and Nominating Committee determines it necessary, it may investigate and review any human resources or compensation matter relating to the Corporation. The Compensation, Corporate Governance and Nominating Committee may, with approval of the Board of Directors, retain outside experts and engage special legal counsel, if necessary.

No compensation consultant or advisor was retained by the Corporation during the fiscal year ended March 31, 2018. In May, 2018, the Corporation retained Willis Towers Watson who provided compensation consultancy services and prepared an executive compensation policy statement for the Corporation.

### Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given or otherwise provided to NEOs of the Corporation for services rendered to the Corporation during the three (3) most recently completed financial years.

Name and principal position	Fiscal Year Ended March 31	Salary (\$)	Share-based awards (\$ <sup>(4)</sup> )	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			

Name and principal position	Fiscal Year Ended	Salary (\$)	Share-based awards <sup>(4)</sup>	Option-based awards	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
Sylvain Chrétien President and Chief Executive Officer <sup>(2)</sup>	2018	235,000	Nil	Nil	132,188	Nil	Nil	Nil	367,188
	2017	235,000	Nil	17,239	74,000	Nil	Nil	Nil	326,239
	2016	235,000	18,500	47,412	55,500	Nil	Nil	Nil	356,412
Roland Boivin <sup>(1)</sup> Chief Financial Officer	2018	210,000	Nil	Nil	90,825	Nil	Nil	Nil	300,825
	2017	201,310	Nil	17,239	65,000	Nil	Nil	Nil	283,549
	2016	171,590	8,500	47,412	25,500	Nil	Nil	Nil	253,002
Richard Labelle Vice-President, Sales and Marketing	2018	190,000	Nil	Nil	95,550	Nil	Nil	Nil	285,550
	2017	190,000	Nil	17,239	65,000	Nil	Nil	Nil	272,239
	2016	190,000	15,750	47,412	47,250	Nil	Nil	Nil	300,412
Benoît Hébert Vice-President, Business Development and Licensing	2018	228,000	Nil	Nil	78,660	Nil	Nil	Nil	306,660
	2017	228,000	Nil	17,239	68,500	Nil	Nil	Nil	313,739
	2016	228,000	16,250	47,412	48,750	Nil	Nil	Nil	340,412

Notes:

- (1) Until July 1, 2016, Mr. Boivin's compensation was paid as consultant fees to a company over which he exercises control for his services as Chief Financial Officer of the Corporation. Effective July 1, 2016, Mr. Boivin entered into an employment agreement with the Corporation.
- (2) Mr. Chrétien is not compensated for his role as a director of the Corporation.
- (3) Share-based awards means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
- (4) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.

## Incentive Plan Awards

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

- (a) The following table presents for each NEO all awards outstanding at the end of the last completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Sylvain Chrétien	500,000	0.46	January 22, 2024	Nil	n/a	n/a	n/a
	195,000	0.34	July 23, 2025	Nil			
	250,000	0.30	July 25, 2026	5,000			
	100,000	0.30	July 27, 2027	2,000			
Roland Boivin	180,000	0.46	January 22, 2024	Nil	n/a	n/a	n/a
	300,000	0.34	July 23, 2025	Nil			
	250,000	0.30	July 25, 2026	5,000			
	100,000	0.30	July 27, 2027	2,000			
Richard Labelle	225,000	0.46	February 17, 2024	Nil	n/a	n/a	n/a

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
	145,000	0.34	July 23, 2025	Nil			
	250,000	0.30	July 25, 2026	5,000			
	100,000	0.30	July 27, 2027	2,000			
Benoît Hébert	475,000	0.46	January 22, 2024	Nil	n/a	n/a	n/a
	145,000	0.34	July 23, 2025	Nil			
	250,000	0.30	July 25, 2026	5,000			
	100,000	0.30	July 27, 2027	2,000			

Note:

(1) The value of unexercised "in-the-money" options is calculated using the closing price of the Common Shares of the Corporation on the TSXV on March 29, 2018 (\$0.32) less the respective exercise price of the options.

### Value Vested or Earned During the Year

The following table presents information concerning the value vested with respect to awards granted to the NEOs during the last completed financial year:

Name	Option-based awards-Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Sylvain Chrétien	Nil	n/a	132,188
Roland Boivin	Nil	n/a	90,825
Richard Labelle	Nil	n/a	95,550
Benoît Hébert	Nil	n/a	78,660

Note:

(1) Calculated based on the difference between the market price of the Common Shares underlying the options at the vesting date and the exercise price of the option on the vesting date.

### Pension Plan Benefits

The Corporation does not have a pension plan or other similar plan.

### Termination and Change of Control Benefits

Effective July 1, 2016, an employment agreement was entered into with Roland Boivin, the Corporation's Chief Financial Officer (the "**Employment Agreement**"). The Employment Agreement replaced the terms of a consulting agreement (the "**Consulting Agreement**") with 9198-4419 Quebec Inc., a corporation controlled by Roland Boivin. Under the Employment Agreement, should the Corporation terminate the employment without cause or be the object of a change of control, the Corporation has agreed to pay a severance payment equal to nine months base salary plus one additional month of base salary for each year of service up to a maximum of 12 months base salary.

The Corporation is also a party to employment agreements with each of Sylvain Chrétien, Richard Labelle and Benoît Hébert. Under the respective employment agreements, should the Corporation terminate any of the employment agreements without cause or be the object of a change of control, the Corporation has agreed to pay (i) a severance payment equal to, in the case of Sylvain Chrétien, 12 months of base salary plus one additional month of base salary for each year of service accomplished after January 30, 2014, up to a maximum of 15 months of base



salary, (ii) in the case of Richard Labelle, 9 months of base salary plus one additional month of base salary for each year of service up to a maximum of 12 months of base salary, and (iii) in the case of Benoît Hébert, 12 months of base salary.

In addition to the above severance amounts, the Corporation has agreed to pay Sylvain Chrétien, Richard Labelle, Benoît Hébert and Roland Boivin, 5% of the severance payment to compensate them for loss of employment benefits.

The following table provides the estimated incremental payment (pursuant to the respective employment agreements) to NEOs for termination without cause if such termination occurred on March 31, 2018.

Name	Base Salary (\$)	Bonus (\$)	Benefits (\$)	Stock Options (\$)	Unpaid vacation (\$)	Total Incremental Obligation (\$)
Sylvain Chrétien	293,750	Nil	14,688	Nil	Nil	308,438
Roland Boivin	175,000	Nil	8,750	Nil	Nil	183,750
Richard Labelle	190,000	Nil	9,500	Nil	Nil	199,500
Benoît Hébert	228,000	Nil	11,400	Nil	Nil	239,400

## DIRECTOR COMPENSATION

### Director Compensation Table

The compensation of the directors of the Corporation is established by the Compensation, Corporate Governance and Nominating Committee. The following table presents the awards granted to the directors of the Corporation that are not NEOs during the last completed financial year:

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option based awards <sup>(2)</sup> (\$)	Non-Equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Pierre Lapalme	20,000	n/a	Nil	Nil	n/a	Nil	20,000
Pierre Desormeau <sup>(2)</sup>	7,500	n/a	Nil	Nil	n/a	Nil	7,500
Normand Chartrand <sup>(3)</sup>	15,000	n/a	Nil	Nil	n/a	Nil	15,000
Douglas M. Stuve <sup>(4)</sup>	11,250	n/a	Nil	Nil	n/a	Nil	11,250
Benoit Gravel <sup>(5)</sup>	7,500	n/a	Nil	Nil	n/a	Nil	7,500
Michael P. Mueller	15,000	n/a	Nil	Nil	n/a	Nil	15,000

Notes:

- (1) The Corporation paid a director fee of \$15,000 to its directors that are not NEOs for the year ended March 31, 2018 and \$20,000 to the chair of the Board of Directors.
- (2) Mr. Desormeau was a director until September 22, 2017.
- (3) Mr. Chartrand was a director until October 16, 2018 and remains a consultant to the Corporation as of the date hereof.
- (4) Mr. Stuve was a director until November 23, 2017.
- (5) Mr. Gravel became a director on September 22, 2017.

## Incentive Plan Awards

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

The following table presents the awards granted to the directors of the Corporation that are not NEOs outstanding as of the end of the last completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Pierre Lapalme	270,000	0.46	Jan. 22, 2024	Nil	n/a	n/a	n/a
	85,000	0.34	July 23, 2025	Nil			
	175,000	0.30	July 25, 2026	3,500			
	80,000	0.30	July 27, 2017	1,600			
Benoit Gravel	100,000	0.30	Sept. 22, 2027	2,000	n/a	n/a	n/a
Normand Chartrand	180,000	0.46	Jan. 22, 2024	Nil	n/a	n/a	n/a
	75,000	0.34	July 23, 2025	Nil			
	175,000	0.30	July 25, 2026	3,500			
	70,000	0.30	July 27, 2017	1,400			
Douglas M. Stuve <sup>(2)</sup>	180,000	0.46	Jan. 22, 2024	Nil	n/a	n/a	n/a
	33,333	0.30	March 1, 2022	667			
	75,000	0.34	July 23, 2025	Nil			
	175,000	0.30	July 25, 2026	3,500			
	70,000	0.30	July 27, 2017	1,400			
Pierre Desormeau <sup>(3)</sup>	180,000	0.46	January 22, 2024	Nil	n/a	n/a	n/a
	75,000	0.34	July 23, 2025	Nil			
	175,000	0.30	July 25, 2026	\$3,500			
Michael P. Mueller	180,000	0.30	Sept. 4, 2024	3,600	n/a	n/a	n/a
	75,000	0.34	July 23, 2025	Nil			
	175,000	0.30	July 25, 2026	3,500			
	70,000	0.30	July 27, 2017	1,400			

Notes:

- (1) The value of unexercised "in-the-money" options is calculated using the closing price of the Common Shares of the Corporation on the TSXV March 31, 2018 (\$0.32) less the respective exercise prices of the options.
- (2) Mr. Stuve was a director until November 23, 2017.
- (3) Mr. Desormeau was a director until September 22, 2017.

### Value Vested or Earned During the Year

The following table presents information concerning the value vested with respect to awards granted to the directors of the Corporation that are not NEOs during the last completed financial year.

Name	Option-based awards-Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Pierre Lapalme	Nil	n/a	n/a
Benoit Gravel	Nil	n/a	n/a
Normand Chartrand <sup>(2)</sup>	Nil	n/a	n/a
Douglas M. Stuve <sup>(3)</sup>	Nil	n/a	n/a
Michael P. Mueller	Nil	n/a	n/a

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the options at the vesting date and the exercise price of the option on the vesting date.
- (2) Mr. Chartrand was a director until October 16, 2018.
- (3) Mr. Stuve was a director until November 23, 2017.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance at the end of the last completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	7,940,197	\$0.36	801,301
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	7,940,197	\$0.36	801,301

Note:

- (1) The number of Common Shares that may be reserved under the stock option plan automatically increases or decreases as the number of issued and outstanding Common Shares of the Corporation increases or decreases. Subject to shareholder approval at the Meeting, the Predecessor Plan will be replaced by the Corporation's Omnibus Plan, which was approved by the Board on October 9, 2018.

### OMNIBUS PLAN

The objective of the Omnibus Plan is to permit the directors, executive officers, employees, consultants and persons providing investor relation services to participate in the growth and development of the Corporation through the grant of options to purchase Common Shares. The full text of the Omnibus Plan is set out in Schedule "B" attached hereto, and a description of the Omnibus Plan can be found under the heading: "Particulars of Matters to be Acted Upon at the Meeting - Approval of Omnibus Equity Incentive Compensation Plan".

### INDEBTEDNESS OF EXECUTIVE OFFICERS AND DIRECTORS

During the financial year ended March 31, 2018, and as at the date of this Information Circular, none of the directors, executive officers, employees (or previous directors, executive officers or employees) of the Corporation, each proposed nominee for election as a director of the Corporation and any associate of such a person was or is indebted to

the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

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

Other than as set forth below and elsewhere herein, management of the Corporation is not aware of any material interest, direct or indirect, that any director, proposed director, executive officer, shareholder of the Corporation holding or having control or direction over, directly or indirectly, as beneficial owner, more than 10% of the outstanding Common Shares of the Corporation or any associate or affiliate of any such persons would have in any material transaction concluded since the beginning of the last financial year of the Corporation or in any proposed transaction which had or could have a material effect on the Corporation.

On October 16, 2018, the Corporation completed its acquisition of all the issued and outstanding shares of Medexus Inc., a company which Mr. Nelson and Mr. d'Entremont were, prior to the acquisition, directors and shareholders, and Mr. d'Entremont was the President and Chief Executive Officer (the "**Medexus Acquisition**"). Pursuant to the terms of the Medexus Acquisition, Mr. d'Entremont and Mr. Nelson (and their associates and affiliates) were issued, in the aggregate, 21,278,521 Common Shares.

In connection with the Medexus Acquisition and the acquisition of medac Pharma, Inc., the Corporation completed a private placement financing transaction for subscription receipts exchangeable into convertible debentures ("**Debenture Subscription Receipts**") and units ("**Unit Subscription Receipts**") of the Corporation (the "**Private Placement**"). Certain of the current directors of the Corporation purchased Debenture Subscription Receipts and/or Unit Subscription Receipts pursuant to the Private Placement. In addition, Lumira Capital IV, L.P. and Lumira Capital IV (International) L.P., funds controlled by Lumira Ventures, of which Mr. van der Velden is the Managing General Partner, purchased Debenture Subscription Receipts in the aggregate principal amount of \$6,000,000.

Further information with respect to the Medexus Acquisition and the Private Placement can be found in the Corporation's news releases dated September 7, 2018, October 11, 2018, and October 16, 2018.

## **MANAGEMENT CONTRACTS**

Other than as set forth herein, during the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

## **AUDIT COMMITTEE DISCLOSURE**

### **Charter and Composition of the Audit Committee**

The Audit Committee's charter is attached hereto as Schedule "A". As at March 31, 2018, the members of the Audit Committee of the Corporation were Normand Chartrand, Michael P. Mueller and Benoit Gravel. Mr. Chartrand resigned from the Board effective October 16, 2018, and Peter van der Velden was appointed in his place. Mr. Mueller is the Chair of the Audit Committee as at the date hereof. All current members are independent financially literate, as such terms are defined in NI 52-110. The Audit Committee held four meetings during the year ended March 31, 2018.

### **Relevant training and experience**

The three current members of the Audit Committee of the Corporation have, as a group, the requisite education and experience as directors and officers of public companies in order to perform their responsibilities. All three members are financially literate, meaning that they have 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 be reasonably expected to be raised by the Corporation's financial statements.

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set out below.

Mr. van der Velden has over 30 years of experience in the banking, venture capital and private equity investment industries. He is currently the Managing General Partner of Lumira Capital, a prominent North American life sciences venture capital investor. He is currently a director and member of the audit committees of both Edesa Biotech Inc. and Exact Imaging Inc. He currently is a director of the World Health Innovation Network, a committee member for Ontario's Scale Up Voucher program, and is on the Commercialization Advisory Board for Sick Kids Hospital. In addition, he was previously the President and or Chairman of the Canadian Venture Capital and Private Equity Association from May 2012 to May 2015. Prior to joining Lumira he the founder of a boutique merchant bank focused on public technology companies, a partner in a buyout partnership targeting retail and consumer-centric businesses, vice president of business development for a venture capital-backed drug delivery company, and as associate at a large venture capital firm. Mr. van der Velden holds degrees from the Schulich School of Business, York University (MBA finance and policy) and Queen's University (M.Sc. (pathology), B.Sc. (honours life sciences)).

Mr. Mueller was the Chairman of PSP Investments (Public Sector Pension Investment Board) until January 2018. Mr. Mueller is currently Chairman of Revera and Mercal Capital Corporation. He is also on the Board of Smarter Alloys Inc. and Emily's House. From 2003 to 2005, he was President and Chief Executive Officer of MDS Capital Corporation. Prior to that, Mr. Mueller held a series of senior positions at TD Bank Financial Group, including Senior Vice President and Country Head of its USA Division, Executive Vice President of Global Credit and Vice Chairman and head of Global Investment Banking. Mr. Mueller is a former director of MDS Capital Corporation, the Canadian Medical Discoveries Funds I and II, the British Columbia Medical Innovations Fund and Medical Discoveries Management Corporation, Health Ventures Inc.

Mr. Benoit Gravel was elected to the Board in September 2017. Mr. Gravel began his career as an economist in the energy and transportation industries in Canada with Hydro-Québec and VIA Rail. He joined the pharmaceutical industry 30 years ago at Rhône-Poulenc in Montreal as Director, Corporate Planning & Business Development. Mr. Gravel spent three years in Paris in global business development and returned to Canada as Vice-President, External Affairs, Vice-President Finance and President of Rhône Poulenc. Upon the creation of Aventis in 2000, he was appointed Vice-President, Commercial Affairs. Upon the completion of the merger between Aventis and Sanofi in 2005, Mr. Gravel held several commercial executive positions in Canada with Sanofi, his most recent Canadian position being Vice-President Diabetes & Specialized Care Patient Centered Unit. His final assignment with Sanofi prior to retirement was Vice-President, Global Portfolio Management & Strategic Development based in Prague, Czech Republic in the Global Generics division. Mr. Gravel has a Bachelor and Master degree in Economics from University of Montréal.

### **Audit Committee Oversight**

At no time during the Corporation's financial year ended March 31, 2018 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time during the Corporation's financial year ended March 31, 2018 has the Corporation relied on the various exemptions provided under NI 52-110. However, the Corporation is relying on the exemption contained in section 6.1 of NI 52-110 and is not required to comply with Parts 3 and 5 of NI 52-110 given that it is a venture issuer as defined in NI 52-110.

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

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee's charter.

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees (\$) <sup>(1)</sup></b>	<b>Audit-Related Fees (\$) <sup>(2)</sup></b>	<b>Tax Fees (\$) <sup>(3)</sup></b>	<b>All Other Fees (\$) <sup>(4)</sup></b>
March 31, 2018	49,900	12,000	6,400	6,200
March 31, 2017	48,500	3,000	6,200	6,000

Notes:

- (1) *Audit Fees* consist of the aggregate fees billed by the external auditors of the Corporation for audit services.
- (2) *Audited Related Fees* consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements of the Corporation and are not reported under "Audit Fees" above and include the provision of comfort letters and consents, consultations concerning financial accounting and reporting of specific issues and the review of documents filed with regulatory authorities.
- (3) *Tax Fees* consist of the aggregate fees billed for tax compliance, tax advice and tax planning services, including the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from taxing authorities; tax planning services; and consultation and planning services.
- (4) *All Other Fees* include the aggregate fees billed for products and services provided by the auditors, other than the services reported above.

## **CORPORATE GOVERNANCE**

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer must disclose on an annual basis the corporate governance practices that it has adopted.

### **Board of Directors**

#### 1. Independent Directors

The independent directors of the Corporation are Pierre Lapalme, Benoit Gravel, Michael P. Mueller, Stephen Nelson and Peter van der Velden. Mr. Chartrand, also independent, was a director until October 16, 2018.

#### 2. Non Independent Directors

Sylvain Chrétien is considered a non-independent director of the Corporation, as he holds the position of President and Chief Executive Officer of the Corporation. In addition, Kenneth d'Entremont is considered a non-independent director of the Corporation, as he holds the position of Chief Operating Officer of the Corporation.

### **Directorships**

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

<b>Name of Director</b>	<b>Issuer</b>
Pierre Lapalme	INSYS Therapeutics, Inc. (NASDAQ)
Michael P. Mueller	Mercal Capital Corp (TSXV) Gensourse Potash Corp (TSXV)

### **Orientation and Continuing Education**

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors has not at this time taken any measures to provide continuing education for the directors. However, the directors are invited to follow, at the expense of the Corporation, the various seminars offered by the TSXV and the Canadian securities authorities on the management of public corporations and on the duties of directors of such corporations.

Also, the directors have access to the legal counsel of the Corporation for any questions concerning their duties as director.

### **Ethical Business Conduct**

The directors of the Corporation have the obligation to fulfill their duties and assume their functions in the best interest of the Corporation. The Corporation requires that all directors comply with the laws and regulations governing the affairs of the Corporation. Also, the Corporation promotes the integrity and follows an ethical business conduct in the conduct of its affairs. Finally, the Board of Directors requests that all its members actively participate to the meetings of the board and of the committees, as applicable.

The Corporation also requires each director to disclose any potential conflict of interest and will address any such issue on a case-by-case basis and in accordance with the provisions of the *Canada Business Corporations Act*.

### **Nomination of Directors**

The candidates to the Board of Directors are chosen by the Board of Directors depending on the needs of the Corporation.

### **Compensation**

All matters with respect to the compensation of directors and executive officers are determined by the Compensation, Corporate Governance and Nominating Committee. The compensation program is described under the heading "Compensation of Executive Officers and Directors".

### **Other Board Committees**

The only committees of the Board of Directors of the Corporation are the Audit Committee and the Compensation, Corporate Governance and Nominating Committee. The function of the Audit Committee is described under the heading "Audit Committee" and the function of the Compensation, Corporate Governance and Nominating Committee is described under the heading "Compensation of Executive Officers and Directors - Compensation Governance".

### **Assessment**

The Board of Directors regularly reviews its performance and the role of the directors and the members are encouraged to give their comments on the efficiency of the board as a whole.

## **OTHER AGENDA ITEMS**

The Corporation's management is unaware of any change regarding the items listed in the Notice of Meeting or of any other item that could be submitted to the Meeting, apart from those mentioned in the Notice of Meeting. However, if changes concerning the items on the agenda mentioned in the Notice of Meeting, or other items, are submitted to the Meeting in valid form, the attached proxy form confers discretionary power upon the persons named therein to vote, using their best judgment, on the related changes or on other items.

## **GENERAL**

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

### ADDITIONAL INFORMATION

Additional financial information is provided in the financial statements of the Corporation and the annual management report for the financial year ended March 31, 2018 available on SEDAR ([www.sedar.com](http://www.sedar.com)).

Additional copies are also available by contacting the Corporation at:

225 – 1 Place du Commerce  
Verdun, Quebec, H3E 1A2  
Telephone: (514) 762-2626  
Fascimile: (514) 762-2336

The Corporation may request the payment of reasonable fees if the requesting party is not a shareholder of the Corporation.

### APPROVAL OF INFORMATION CIRCULAR

The contents and the sending of the Information Circular have been approved by the Directors of the Corporation.

Montreal, November 12, 2018.

**By order of the Board of Directors,**

*(s) Pierre Lapalme*

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Pierre Lapalme  
Chairman



## SCHEDULE A

### AUDIT COMMITTEE CHARTER

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The following charter is adopted in compliance with *Regulation 52-110 respecting Audit Committees*.

#### **OVERALL ROLE AND RESPONSIBILITY**

The Audit Committee shall:

1. Assist the Board of Directors of the Corporation (the "**Board**") in its oversight role with respect to:
  - (a) the quality and integrity of financial information;
  - (b) the independent auditor's performance, qualifications and independence;
  - (c) the performance of the Corporation's internal audit function, if applicable;
  - (d) the Corporation's compliance with legal and regulatory requirements; and
2. Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

#### **MEMBERSHIP AND MEETINGS**

The Audit Committee shall consist of three (3) or more Directors appointed by the Board, the majority of whom shall not be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board shall designate one (1) member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board in its business judgment. The Board shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

#### **STRUCTURE AND OPERATIONS**

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

## **SPECIFIC DUTIES**

### **Oversight of the Independent Auditor**

- Make recommendations to the Board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

### **Financial Reporting**

- Review and discuss with management and the independent auditor, as applicable:
  - prior to the annual audit the scope, planning and staffing of the annual audit;
  - the annual audited financial statements;
  - review the financial statements, prospectuses, management's discussion and analysis, annual information form and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information. The Audit Committee will periodically assess the accuracy of those procedures;
  - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
  - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
  - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
  - any significant changes in the Corporation's selection or application of accounting principles;

- any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

#### **Other Responsibilities**

- Review the appointment of the Chief Financial Officer and key financial executives and formulate clear hiring policies for partners, employees, former partners and former employees of the Corporation's present and former external auditors.
- Establish, and review periodically, as the Audit Committee deems appropriate, a procedure for:
  - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Corporation or concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any.
- To comply with the procedure above, the Audit Committee shall ensure that the Corporation advises all employees, by way of a written code of business conduct and ethics, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Corporation or their external auditors is strongly encouraged to report such concerns by way of communication directly to the Chair of the Audit Committee of the Corporation.

#### **AUDIT COMMITTEE'S ROLE**

The Audit Committee has the oversight role set out in this Charter. Management, the Board, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

#### **FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS**

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may, from time to time, deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

**APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS**

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

**SCHEDULE "B"**

**PEDIAPHARM INC.**

**2018 OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN**

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**PEDIAPHARM INC.**

**2018 OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN**

**ARTICLE I  
ESTABLISHMENT, PURPOSE AND DURATION**

- 1.1 Establishment of the Plan. The following is the omnibus equity incentive compensation plan of Pediapharm Inc. (the "**Company**") pursuant to which stock based compensation Awards (as defined below) may be granted to eligible Participants (as defined below). The name of the plan is the Pediapharm 2018 Omnibus Equity Incentive Compensation Plan (the "**Plan**").

The Plan permits the grant of Options, Restricted Share Units, Deferred Share Units and Performance Share Units (as such terms are defined below). The Plan was approved by the Board (as defined below) on October 9, 2018 and is being put forth before the shareholders of the Corporation for approval on December 12, 2018, and will be effective upon receipt of shareholder and Exchange approvals (the "**Effective Date**") until the date it is terminated by the Board in accordance with the Plan.

- 1.2 Purposes of the Plan. The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants; (ii) align the interests of Participants with that of other shareholders of the Company generally; and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares (as defined below) as long-term investments.

- 1.3 Successor Plan. The Plan shall in respect of Options (as defined below) serve as the successor to the Company's stock option plan dated effective October 27, 2015, and most recently reapproved by the holders of the Company's Shares on September 22, 2017 (the "**Predecessor Plan**"), and no further awards shall be made under the Predecessor Plan from and after the Effective Date of the Plan.

**ARTICLE II  
DEFINITIONS**

- 2.1 Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

(a) "**Affiliate**" means any corporation, partnership or other entity (i) in which the Company, directly or indirectly, has majority ownership interest or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to "control" such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

(b) "**Award**" means, individually or collectively, a grant under the Plan of Options, Deferred Share Units, Restricted Share Units or Performance Share Units, in each case subject to the terms of the Plan.

(c) "**Award Agreement**" means either (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Awards granted under the Plan; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan, subject to such modifications or additions as the Committee may, in its sole discretion, determine appropriate. An Award Agreement need not be identical to other Award Agreements either in form or substance.

- (d) **"Blackout Period"** means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.
- (e) **"Board"** or **"Board of Directors"** means the Board of Directors of the Company as may be constituted from time to time.
- (f) **"Cause"** means (i) if the Participant has a written agreement pursuant to which he or she offers his or her services to the Company and the term "cause" is defined in such agreement, "cause" as defined in such agreement; or otherwise (ii) (a) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (b) the failure of the Participant to follow the Company's reasonable instructions with respect to the performance of his or her duties; (c) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (d) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (e) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee.
- (g) **"Change of Control"** means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and/or any of its subsidiaries to any other person or entity, other than a disposition to a wholly-owned subsidiary in the course of a reorganization of the assets of the Company and its subsidiaries;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iv) an acquisition by any person, entity or group of persons or entities acting jointly or in concert of beneficial ownership of more than 50% of the Voting Securities, or securities convertible into, exercisable for or carrying the right to purchase more than 50% of the Voting Securities on a post-conversion basis, assuming only the conversion or exercise of securities beneficially owned by the acquirer; or
  - (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.
- (h) **"Committee"** means the Board of Directors or if so delegated in whole or in part by the Board, any duly authorized committee of the Board appointed by the Board to administer the Plan.
- (i) **"Company"** means Pediapharm Inc.
- (j) **"Consultant"** has the meaning set out in Policy 4.4 of the Exchange or such replacement definition for so long as the Shares are listed on the Exchange, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.



- (k) **"Deferred Share Unit"** means an Award denominated in units that provides the holder thereof with a right to receive Shares upon settlement of the Award, granted under and subject to the terms of the Plan.
- (l) **"Director"** means any individual who is a member of the Board of Directors of the Company.
- (m) **"Disability"** means the disability of the Participant which would entitle the Participant to receive disability benefits pursuant to the long-term disability plan of the Company (if one exists) then covering the Participant, provided that the Board may, in its sole discretion, determine that, notwithstanding the provisions of any such long-term disability plan, the Participant is permanently disabled for the purposes of the Plan.
- (n) **"Dividend Equivalent"** means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.
- (o) **"Employee"** means any employee or officer of the Company or an Affiliate of the Company. Directors who are not otherwise employed by the Company or an Affiliate of the Company shall not be considered Employees under the Plan.
- (p) **"Exchange"** means the TSX Venture Exchange, or any other stock exchange on which the Common Shares of the Corporation are listed.
- (q) **"Exchange Policies"** mean the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange.
- (r) **"Existing Options"** means the options to purchase 7,940,197 Shares granted to the eligible participants of the Company, pursuant to the Predecessor Plan.
- (s) **"FMV"** means, unless otherwise required by any applicable provision of any regulations thereunder or by any applicable accounting standard for the Company's desired accounting for Awards or by the rules of the Exchange, a price that is determined by the Committee, provided that such price cannot be less than the last closing price of the Shares on the Exchange less any discount permitted by the rules or policies of the Exchange.
- (t) **"Insider"** shall have the meaning ascribed thereto in Exchange Policies.
- (u) **"ITA"** means the Income Tax Act (Canada).
- (v) **"Non-Employee Director"** means a Director who is not an Employee.
- (w) **"Notice Period"** means any period of contractual notice or reasonable notice that the Company or an Affiliate of the Company may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.
- (x) **"Option"** means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of the Plan.

- (y) "**Option Price**" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.
- (z) "**Participant**" means an Employee, Non-Employee Director or Consultant who has been selected to receive an Award, or who has an outstanding Award granted under the Plan or the Predecessor Plan.
- (aa) "**Performance Period**" means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- (bb) "**Performance Share Unit**" means an Award granted under Article 9 herein and subject to the terms of the Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.
- (cc) "**Period of Restriction**" means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.
- (dd) "**Person**" shall have the meaning ascribed to such term in Exchange Policies.
- (ee) "**Restricted Share Unit**" means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares upon settlement of the Award, granted under Article 7 herein and subject to the terms of the Plan.
- (ff) "**Retirement**" or "**Retire**" means a Participant's permanent withdrawal from employment or office with the Company or an Affiliate of the Company on terms and conditions accepted and determined by the Board.
- (gg) "**Shares**" means common shares of the Company.
- (hh) "**Termination Date**" means the date on which a Participant ceases to be eligible to participate under the Plan as a result of a termination of employment, officer position, board service or consulting arrangement with the Company or any Affiliate of the Company for any reason, including death, Retirement, resignation or termination with or without Cause. For the purposes of the Plan, a Participant's employment, officer position, board service or consulting arrangement with the Company or an Affiliate of the Company shall be considered to have terminated effective on the last day of the Participant's actual and active employment, officer position or board or consulting service with the Company or the Affiliate whether such day is selected by agreement with the individual, unilaterally by the Company or the Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment shall be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under the Plan.
- (ii) "**Voting Securities**" shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

### ARTICLE III ADMINISTRATION

- 3.1 General. The Committee shall be responsible for administering the Plan. The Committee may employ legal counsel, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice,

opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties. No member of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or Awards granted hereunder. Each member of the Committee shall be entitled to indemnification by the Company with respect to any such determination or action in the manner provided for by the Company and its subsidiaries.

- 3.2 Authority of the Committee. The Committee shall have full and exclusive discretionary power to determine the terms and provisions of Award Agreements, to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, determining any performance goals applicable to Awards and whether such performance goals have been achieved, and, subject to Article 13, adopting modifications and amendments to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.
- 3.3 Delegation. The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

#### **ARTICLE IV SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS**

- 4.1 Maximum Number of Shares Available for Awards. The maximum number of Shares issuable pursuant to Options, RSUs, DSUs and PSUs issued under the Plan shall not exceed the number that is equal to 20% of the issued and outstanding Shares, on a fixed basis, at the time the Plan is approved by the Corporation's shareholders. To the extent that an Award lapses or the rights of its Participant terminate any Shares subject to such Award shall again be available for the grant of an Award.
- 4.2 Award Grants to Individuals. The maximum number of Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the Exchange. The maximum number of Shares for which Awards may be issued to any Consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the Exchange) shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant or any such person, as applicable. The maximum number of Deferred Share Units, Performance Share Units or Restricted Share Units which may be issued to any one participant in any 12-month period shall not exceed 1% of the outstanding shares, unless disinterested shareholder approval is obtained. The maximum number of Deferred Share Units, Performance Share Units or Restricted Share Units which may be issued to all Insiders in aggregate cannot exceed 2% of the outstanding Shares in any 12 month period, unless disinterested shareholder approval is obtained.
- 4.3 Award Grants to Insiders. Unless disinterested shareholder approval as required by the policies of the Exchange is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider.
- 4.4 Adjustments in Authorized Shares. In the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution

(other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the limit on issuing Awards other than Options granted with an Option Price equal to at least the FMV of a Share on the date of grant and any other value determinations applicable to outstanding Awards or to the Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such corporate event or transaction. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan and the applicable Award Agreement) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with all regulatory requirements.

Subject to the provisions of Article 11 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under the Plan in connection with any Corporate Reorganization, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

## **ARTICLE V ELIGIBILITY AND PARTICIPATION**

- 5.1 Eligibility. Awards under the Plan shall be granted only to bona fide Employees, Non-Employee Directors and Consultants, as per the policies of the Exchange.
- 5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award.

## **ARTICLE VI STOCK OPTIONS**

- 6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion.
- 6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions, if any, upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine. The Award Agreement for the grant of Options shall be in such form or forms as the Committee may from time to time approve.

- 6.3 Option Price. The Option Price for each grant of an Option under the Plan shall be determined by the Committee and shall be specified in the Award Agreement. The Option Price for an Option shall be not less than the FMV of the Shares on the date of grant.
- 6.4 Vesting of Options. Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Options, Options shall vest subject to Exchange Policies, and the Committee may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.
- 6.5 Duration of Options. Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, that, subject to section 6.6, no Option shall be exercisable later than the tenth (10) anniversary date of its grant.
- 6.6 Blackout Periods. If the date on which an Option is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Option shall be extended to the last day of such 10 business day period.
- 6.7 Exercise of Options. Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.
- 6.8 Payment. Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Option Price.

The Option Price upon exercise of any Option shall be payable to the Company in full in cash, certified cheque or wire transfer.

As soon as practicable after receipt of a notification of exercise and full payment of the Option Price, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable common shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the person claiming through a Participant, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter, but in any event, on or before the 15th day of the third month of the year following the year in which the Option was exercised, a certificate or evidence of book entry representing the said number of Shares. The Company shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s).

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the United States Securities and Exchange Act of 1934, as amended, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

- 6.9 Death, Disability, Retirement and Termination or Resignation of Employment. If the Award Agreement does not specify the effect of a termination, cessation or resignation of employment then the following default rules will apply:
- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate of the Company:
    - (i) all unvested Options as at the Termination Date shall automatically and immediately vest; and
    - (ii) (i)all vested Options (including those that vested pursuant to (i) above) shall continue to be subject to the Plan and exercisable for a period of 12 months after the Termination Date, provided that any Options that have not been exercised within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
  - (b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability then all Options remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
  - (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Options, to determine: (i) whether to accelerate vesting of any or all of such Options, (ii) whether any of such Options shall be cancelled, with or without payment, and (iii) how long, if at all, such Options may remain outstanding following the Termination Date; provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date.
  - (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Options, whether vested or not, as at the Termination Date shall automatically and immediately expire and be forfeited.
  - (e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in sections 6.9(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
    - (i) all unvested Options shall automatically and immediately expire and be forfeited, and
    - (ii) all vested Options shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- 6.10 Nontransferability of Options. An Option granted under this Article 6 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by bequeath or by the laws of descent and distribution, subject to the requirements of the Exchange or as otherwise allowed by the Exchange.

## **ARTICLE VII RESTRICTED SHARE UNITS**

- 7.1 Grant of Restricted Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

- 7.2 Restricted Share Unit Agreement. Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, and the settlement date for Restricted Share Units, and any such other provisions as the Committee shall determine, provided that unless otherwise determined by the Committee or as set out in any Award Agreement, no Restricted Share Unit shall vest later than allowed by the polices of the Exchange. The Committee shall impose, in the Award Agreement at the time of grant, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to the Plan as it may deem advisable, including, without limitation, restrictions based upon the time-based restrictions on vesting and, restrictions under applicable laws or under the requirements of the Exchange.
- 7.3 Vesting of Restricted Share Units. Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Restricted Share Units, Restricted Share Units shall vest at the discretion of the Committee, and subject to the policies of the Exchange.
- 7.4 Black Out Periods. If the date on which a Restricted Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.
- 7.5 Nontransferability of Restricted Share Units. The Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the date of settlement through delivery or other payment, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement at the time of grant or thereafter by the Committee. All rights with respect to the Restricted Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.
- 7.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Restricted Share Units.
- 7.7 Death, Disability, Retirement and Termination or Resignation of Employment. If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:
- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
    - (i) all unvested Restricted Share Units as at the Termination Date shall automatically and immediately vest; and
    - (ii) all vested Restricted Share Units (including those that vested pursuant to (i) above) shall be paid to the Participant's estate in accordance with the terms of the Plan and the Award Agreement.
  - (b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability, then all Restricted Share Units remain and continue to vest in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Restricted Share Units that have not vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.

- (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Restricted Share Units, to determine: (i) whether to accelerate vesting of any or all of such Restricted Share Units, (ii) whether any of such Restricted Share Units shall be cancelled, with or without payment, and (iii) how long, if at all, such Restricted Share Units may remain outstanding following the Termination Date; provided, however, that in no event shall such Restricted Share Units remain outstanding for more than 12 months after the Termination Date. Notwithstanding the above, for U.S. Participants, the treatment of Restricted Share Units upon retirement shall be provided for in the Award Agreement.
- (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Restricted Share Units, whether vested or not, as at the Termination Date shall automatically and immediately be forfeited.
- (e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in sections 7.7(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
  - (i) all unvested Restricted Share Units shall automatically and immediately be forfeited, and
  - (ii) all vested Restricted Share Units shall be paid to the Participants in accordance with the terms of the Plan and the Award Agreement.

7.8 Payment in Settlement of Restricted Share Units. When and if Restricted Share Units become payable, the Participant issued such Restricted Share Units shall be entitled to receive payment from the Company in settlement of such Restricted Share Units: (i) in a number of Shares (issued from treasury) equal to the number of Restricted Share Units being settled, (ii) in some combination thereof, or (iii) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Restricted Share Units.

## **ARTICLE VIII DEFERRED SHARES UNITS**

- 8.1 Grant of Deferred Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine.
- 8.2 Deferred Share Unit Agreement. Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the Exchange, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Deferred Share Units.
- 8.3 Nontransferability of Deferred Share Units. The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.
- 8.4 Black Out Periods. If the date on which a Deferred Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.



8.5 Dividends and Other Distributions. Participants holding Deferred Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate.

The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Deferred Share Units.

8.6 Termination of Employment, Consultancy or Directorship. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that provisions shall comply with applicable rules of the Exchange.

8.7 Payment in Settlement of Deferred Share Units. When and if Deferred Share Units become payable, the Participant issued such Deferred Share Units shall be entitled to receive payment from the Company in settlement of such Deferred Share Units: (i) in a number of Shares (issued from treasury) equal to the number of Deferred Share Units being settled, or (ii) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Deferred Share Units.

#### **ARTICLE IX PERFORMANCE SHARE UNITS**

9.1 Grant of Performance Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

9.2 Value of Performance Share Units. Each Performance Share Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share Unit that will be paid to the Participant.

9.3 Earning of Performance Share Units. Subject to the terms of the Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Company shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

9.4 Form and Timing of Payment of Performance Share Units. Payment of earned Performance Share Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Share Units in the form of a number of Shares issued from treasury equal to the number of earned Performance Share Units at the end of the applicable Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the grant of the Award or reserved for later determination. In no event will delivery of such Shares be made later than the earlier of: (i) 3 months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

- 9.5 Dividends and Other Distributions. Participants holding Performance Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Performance Share Units.
- 9.6 Termination of Employment, Consultancy or Directorship. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Performance Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with applicable rules of the Exchange.
- 9.7 Non-transferability of Performance Share Units. Performance Share Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

#### **ARTICLE X BENEFICIARY DESIGNATION**

- 10.1 Beneficiary. A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.
- 10.2 Discretion of the Committee. Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 10, or both, in favor of another method of determining beneficiaries.

#### **ARTICLE XI RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

- 11.1 Employment. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate of the Company to terminate any Participant's employment, consulting or other service relationship with the Company or the Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or the Affiliate.

Neither an Award nor any benefits arising under the Plan shall constitute part of an employment or service contract with the Company or an Affiliate of the Company, and, accordingly, subject to the terms of the Plan, the Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or its Affiliates for severance payments or otherwise, except as provided in the Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates of the Company, shall not be deemed a termination of employment. The Committee may provide, in a Participant's Award Agreement or

otherwise, the conditions under which a transfer of employment to an entity that is spun off from the Company or an Affiliate of the Company shall not be deemed a termination of employment for purposes of an Award.

- 11.2 Participation. No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.
- 11.3 Rights as a Shareholder. A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the holder of such Shares.

## **ARTICLE XII CHANGE OF CONTROL**

- 12.1 Change of Control and Termination of Employment. Subject to section 12.2 and the terms and provisions of any Award Agreement, if there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date, if the Participant is an Employee, officer or a Director and their employment, or officer or Director position is terminated within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.
- 12.2 Discretion to Board. Notwithstanding any other provision of the Plan, in the event of an actual or potential Change of Control, the Board may, in its sole discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit (including, but not limited to those set out in (iii) and (iv) below), the vesting date of any Awards; (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards, including for greater certainty by (1) permitting Participants to exercise or redeem any Awards to assist the Participants to participate in the actual or potential Change of Control, or (2) providing that any Awards exercised or exercised shall be exercisable or redeemed for, in lieu of Shares, such property (including shares of another entity or cash) that shareholders of the Company will receive in the Change of Control; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised or redeemed prior to the successful completion of such Change of Control.
- 12.3 Non-Occurrence of Change of Control. In the event that any Awards are conditionally exercised pursuant to section 12.2 above and the Change of Control does not occur, the Board may, in its sole discretion, determine that any (i) Awards so exercised shall be reinstated as the type of Award prior to such exercise, and (ii) Shares issued be cancelled and any exercise or similar price received by the Company shall be returned to the Participant.
- 12.4 Agreement with Purchaser in a Change of Control. In connection with a Change of Control, the Board may be permitted to condition any acceleration of vesting on the Participant entering into an employment, confidentiality or other agreement with the purchaser as the Board deems appropriate.

## **ARTICLE XIII AMENDMENT AND TERMINATION**

- 13.1 Amendment and Termination. The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the Exchange, the Board may also, at any time, amend or revise the terms of the Plan and any Award Agreement. No such amendment of the Plan or Award Agreement may be made if such amendment would materially and adversely impair any rights arising from any Awards previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable.

- 13.2 Reduction of Option Price or Grant Price. Disinterested shareholder approval as required by the policies of the Exchange shall be obtained for any reduction in the Option Price if the Participant is an Insider of the Company at the time of the proposed amendment.

#### **ARTICLE XIV WITHHOLDING**

- 14.1 Withholding. The Company or any of its Affiliates shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or the Affiliate, an amount sufficient to satisfy federal, provincial and local taxes or domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising from or as a result of the Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.
- 14.2 Acknowledgement. Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Plan; and (b) does not commit to and is under no obligation to structure the terms of the Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for taxes in more than one jurisdiction.

#### **ARTICLE XV SUCCESSORS**

- 15.1 Any obligations of the Company or its Affiliates under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company or its Affiliates, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or the Affiliate, as applicable.

#### **ARTICLE XVI GENERAL PROVISIONS**

- 16.1 Delivery of Title. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:
- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
  - (b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.
- 16.2 Investment Representations. The Committee may require each Participant receiving Shares pursuant to an Award under the Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.
- 16.3 Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a non-certificated basis to the extent not prohibited by applicable law or the rules of the Exchange.
- 16.4 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

- 16.5 Other Compensation and Benefit Plans. Nothing in the Plan shall be construed to limit the right of the Company or an Affiliate of the Company to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.
- 16.6 No Constraint on Corporate Action. Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's or its Affiliates' right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Company or its Affiliates to take any action which such entity deems to be necessary or appropriate.
- 16.7 Compliance with Canadian Securities Laws. All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.
- 16.8 Compliance with U.S. Securities Laws. All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to the registration requirements of the U.S. Securities Act of 1933, as amended or an exemption from such registration requirements. If the Awards or Shares are not so registered and no such registration exemption is available, the Company shall not be required to issue any Shares otherwise issuable hereunder.

## **ARTICLE XVII LEGAL CONSTRUCTION**

- 17.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.
- 17.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.
- 17.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate of the Company shall receive the consideration required by law for the issuance of Awards under the Plan.

The inability of the Company or an Affiliate of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or the Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or the Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

- 17.4 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the Province of Québec and the laws of Canada applicable therein excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.