

MICROBIX BIOSYSTEMS INC.



Microbix
Biosystems Inc.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS
TO BE HELD ON MARCH 5, 2014
AND
MANAGEMENT INFORMATION CIRCULAR**

January 31, 2014

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MICROBIX BIOSYSTEMS INC.

265 Watline Avenue
Mississauga, Ontario
L4Z 1P3

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 5, 2014

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “Meeting”) of shareholders of **MICROBIX BIOSYSTEMS INC.** (the “Company”) will be held at The University Club, 380 University Avenue, Toronto, Ontario on Wednesday March 5, 2014, at the hour of 1:00 p.m. (Toronto time) for the purpose of:

- (a) receiving the Company’s 2013 Annual Report containing the financial statements for the year ended September 30, 2013, and the report of the auditors thereon;
- (b) electing directors;
- (c) appointing the auditors and authorizing the directors to fix their remuneration; and
- (d) transacting such further and other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this Notice of Meeting is the management information circular and form of proxy which should be read in conjunction with this Notice of Meeting.

Shareholders of record on January 27, 2014 will be entitled to notice of, and attend and vote at the Meeting. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit a duly executed form of proxy with the Company’s registrar and transfer agent, CST Trust Company, P.O. Box 721 Agincourt, Ontario, M1S 3A1, not later than 5:00 p.m. (Toronto time) on the 3rd day of March, 2014, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays and holidays, preceding the time of such adjourned Meeting.

A Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and deliver it to the Company, c/o CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, Attention: Proxy Department, or by fax (416-368-2502) or, if delivered by hand, to CST Trust Company, 320 Bay Street, B1 Level, Toronto, Ontario, M5H 4A6, Attention: Proxy Department, on or before the established proxy cut-off being 5:00 p.m. ET on March 3, 2014 before the time set for the Meeting, or any adjournment or postponement thereof, if applicable.

DATED this 31st day of January, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

By: “Vaughn Embro-Pantalony”
Vaughn Embro-Pantalony,
Chief Executive Officer

MICROBIX BIOSYSTEMS INC.

265 Watline Avenue
Mississauga, ON
L4Z 1P3

**MANAGEMENT INFORMATION CIRCULAR
RELATING TO THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 5, 2014**

VOTING INFORMATION

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY AND ON BEHALF OF THE MANAGEMENT OF MICROBIX BIOSYSTEMS INC. (the “Company”) of proxies to be used at the Annual and Special Meeting of Shareholders of the Company (the “Meeting”) to be held at the University Club, 380 University Avenue, Toronto, Ontario on Wednesday, the 5th day of March, 2014, at the hour of 1:00 p.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed Notice of Meeting. Proxies will be solicited primarily by mail and may also be solicited personally or by telephone by the directors and/or officers of the Company at nominal cost. The cost of the solicitation will be borne by the Company.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of common shares (“Shares”) of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this circular, the Notice of Meeting and form of proxy to the beneficial owners of such shares. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to many public shareholders who do not hold their shares of the Company in their own name. Only proxies deposited by shareholders whose names appear on the records of the Company or as the registered holders of such shares can be recognized and acted upon at the Meeting. If shares are listed in your account statement provided by your broker, then in almost all cases those shares will not be registered in your name on the records of the Company. Such shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms. Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting.

Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number to vote your shares or submit your voting instructions online at www.proxyvotecanada.com. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned by Broadridge well in advance of the Meeting in order to have shares voted.**

If you wish to attend and vote at the Meeting in person (or to have another person attend and vote on your behalf, you should print your (or such other person's) name in the blank space provided for that purpose in the first paragraph of the form of proxy or, in the case of a voting instruction form, follow the corresponding instructions on that form.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy represent management of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM AT THE MEETING MAY DO SO** by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with the Company's registrar and transfer agent, CST Trust Company, P.O. Box 721 Agincourt, Ontario, M1S 3A1 not later than 5:00 p.m. (Toronto Time) on March 3, 2014 or if the Meeting is adjourned, not later than 48 hours excluding Saturdays and holidays, preceding the time of such adjourned Meeting. A proxy should be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of such meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder attending the Meeting has the right to vote in person and, if he/she or it does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by proxies in favour of management nominees 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 a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ELECTION OF DIRECTORS AS SET OUT IN THIS INFORMATION**

CIRCULAR, AND FOR THE APPOINTMENT OF AUDITORS THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION AS SET OUT IN THIS INCORMATION CIRCULAR, THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE. At the time of printing this circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

RECORD DATE

Persons registered on the books of the Company at the close of business on January 27, 2014 (the “Record Date”) and persons who are transferees of any shares acquired after such record date and who have produced properly endorsed certificates evidencing such shares or who otherwise establish ownership thereof and demand, not later than 10 days before the Meeting, that their names be included in the list of shareholders, are entitled to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

At the date hereof, the Company has outstanding 67,875,850 common shares, each of which carries one vote. To the knowledge of the directors and officers of the Company, there are no persons or corporations beneficially owning, directly or indirectly, or exercising control or direction over securities carrying in excess of 10% of the voting rights.

HOW TO VOTE YOUR SHARES

Your vote is important. Please read the information below so that your Shares are properly voted.

Registered Shareholders and Non-Registered Shareholders

How you vote your Shares depends on whether you are a registered Shareholder or a non-registered Shareholder. In either case, there are two ways you can vote at the Meeting – by appointing a proxyholder or by attending in person.

Registered Shareholder:

You are a registered Shareholder if you hold one or more share certificates which indicate your name and the number of Shares which you own. As a registered Shareholder, you will receive a form of proxy from CST Trust Company (“CST”) representing the Shares you hold. If you are a registered Shareholder refer to “How to Vote – Registered Shareholders” below.

Non-Registered Shareholder:

You are a non-registered Shareholder if an intermediary such as a securities dealer, broker, bank, trust company or other nominee holds your Shares for you, or for someone else on your behalf, registered in the name of the nominee. In accordance with applicable securities laws, the Company distributes copies of its Meeting materials to non-registered Shareholders directly or to intermediaries for onward distribution to non-registered Shareholders. As a non-registered Shareholder, you will most likely receive

a form of proxy from either CST on behalf of Microbix (if you are a non-objecting beneficial owner of Shares willing to have your nominee disclose your ownership information to Microbix) or voting instruction form from Broadridge Investor Communications Corporation (“**Broadridge**”) on behalf of intermediaries (if you are an objecting beneficial owner of Shares not willing to have your nominee disclose your ownership information to Microbix). It is also possible, however that, in some cases you may receive a form of proxy directly from the securities dealer, broker, bank, trust company or other nominee holding your Shares. If you are a non-registered Shareholder, refer to “How to Vote - Non-Registered Shareholders” below.

How To Vote – Registered Shareholders

If you are a registered Shareholder you may either vote by proxy or in person at the Meeting.

Submitting Votes by Proxy

There are four ways to submit your vote by proxy:

-  phone
-  internet
-  mail
-  fax

in accordance with the instructions on the form of proxy.

If you are voting by phone or internet, you will need the pre-printed Control Number on your form of proxy.

A proxy submitted by mail or fax must be in writing, dated the date on which you signed it and be signed by you (or your authorized attorney). If such a proxy is being submitted on behalf of a corporate Shareholder, the proxy must be signed by an authorized officer or attorney of that corporation, whose title should be indicated. A form of proxy executed by a person acting as attorney or in some other representative capacity should state such person’s capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act. If a proxy submitted by mail or fax is not dated, it will be deemed to bear the date on which it was sent to you.

If you are voting your Shares by proxy, the completed and signed proxy form or your phone or internet vote must be received by CST by 5:00 p.m. ET on March 3, 2014 (the “**proxy cut-off**”) before the time set for the Meeting, or any adjournment or postponement thereof, if applicable.

Appointment of Proxyholder

Unless you specify a different proxyholder or specify how you want your Shares to be voted, the Microbix representatives whose names are pre-printed on the form of proxy will vote your Shares:

- **FOR** the election as Directors each of the nominees listed in this Information Circular; and
- **FOR** the appointment of BDO Canada LLP as auditor of the Company and the authorization of the Directors to fix the remuneration of the auditor.

You have the right to appoint someone else (who need not be a Shareholder) as your proxyholder; however, if you do, that person must vote your Shares in person on your behalf at the Meeting. To appoint someone else as your proxyholder, insert the person's name in the blank space provided on the form of proxy or complete, sign, date and submit another proper form of proxy naming that person as your proxyholder.

If you choose to vote by proxy, you are giving the person (referred as a "proxyholder") or people named on your form of proxy, the authority to vote your Shares on your behalf at the Meeting.

You may indicate on the form of proxy how you want your proxyholder to vote your Shares, or you can let your proxyholder decide for you. If you do not specify on the form of proxy how you want your Shares to be voted, your proxyholder will have the discretion to vote your Shares as they see fit.

The form of proxy accompanying this Information Circular gives the proxyholder discretion with respect to any amendments or changes to matters described in the Notice of Annual and Special Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, the Company is not aware of any amendments, changes or other matters to be addressed at the Meeting.

Voting in Person

If you attend in person, you do not need to complete or return your form of proxy. When you arrive at the Meeting, a CST representative will register your attendance before you enter the Meeting. If you vote in person at the Meeting and had previously completed and returned your form of proxy, your proxy will be automatically revoked and any votes you cast at the Meeting will count.

Revoking a Vote Made by Proxy

You have the right to revoke a proxy as to any matter on which a vote has not already been cast pursuant to its authority by one of the following methods:

- Vote again by phone or internet not later than the last business day preceding the date of the Meeting, or any adjournment or postponement thereof if applicable;
- Deliver another completed and signed form of proxy, dated later than the first form of proxy, by mail or fax such that it is received by CST not later than the last business day preceding the date of the Meeting, or any adjournment or postponement thereof if applicable;
- Personally attend the Meeting and vote your Shares; or
- In any other manner permitted by law.

How to Vote – Non-Registered Shareholders

If you are a non-registered Shareholder and CST has sent these materials directly to you on behalf of Microbix, your name, address and information about your holdings of Shares has been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Shares on your behalf. By choosing to send these materials directly to you, Microbix (and not the intermediary

holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

Submitting Voting Instructions

There are four ways to submit your vote by Voting Instruction Form:

-  phone
-  internet
-  mail
-  fax

in accordance with the instructions on the form of proxy/Voting Instruction Form.

If you are a non-registered Shareholder and have received a form of proxy from CST, you must complete and submit your vote by phone, internet, mail or fax, in accordance with the instructions on the Voting Instruction Form. On receipt of a properly completed and submitted form, a legal form of proxy will be submitted on your behalf.

You must complete, sign and date your form of proxy or make sure your phone or internet vote is received by CST by the established proxy cut-off date before the time set for the Meeting, or any adjournment or postponement thereof, if applicable. If a form of proxy submitted by mail or fax is not dated, it will be deemed to bear the date on which it was sent to you.

If you are a non-registered Shareholder and have received a Voting Instruction Form from Broadridge, please complete and submit your vote by phone, internet or mail in accordance with the instructions provided to you on the form prior to the deadline specified by Broadridge. Voting by fax is not available in this instance.

In some cases, you may have received a form of proxy instead of a Voting Instruction Form, even though you are a non-registered Shareholder. Such a form of proxy will likely be stamped by the securities dealer, broker, bank, trust company or other nominee or intermediary holding your Shares and be restricted as to the number of Shares to which it relates. In this case, you must complete the form of proxy and submit it to CST as described above under “How to Vote – Registered Shareholders – Submitting Votes by Proxy”.

Voting in Person

If you have received a Voting Instruction Form and wish to attend the Meeting in person or have someone else (who need not be a Shareholder) attend on your behalf, you must complete, sign and return the Voting Instruction Form in accordance with the instructions on the form in that regard. Unless prohibited by law, the person you designate to attend the Meeting will have full authority to present matters to the Meeting and vote all matters presented at the Meeting, even if those matters are not set out in the Voting Instruction Form or this Information Circular. You, or such other designated person if applicable, must then vote your Shares in person at the Meeting.

If you have received a form of proxy instead of a Voting Instruction Form and wish to attend the Meeting in person or have someone else attend on your behalf, you must insert your name, or the name of the person you wish to attend on your behalf, in the blank space provided on the form of proxy. You must

make sure that your completed and signed proxy form is received by CST by the established proxy cut-off date before the time set for the Meeting, or any adjournment or postponement thereof if applicable. You, or such other designated person if applicable, must then vote your Shares in person at the Meeting.

When you or your designated person arrives at the Meeting, a CST representative will register such attendance before you or your designated person enters the Meeting.

Revoking a Voting Instruction Form or Proxy

If you wish to revoke a Voting Instruction Form or a form of proxy as to any matter on which a vote has not already been cast pursuant to its authority and you received your form of proxy from CST, you may vote again by phone or internet, or by delivering another completed and signed form of proxy dated later than the first form of proxy by mail or fax to CST, not later in any case than the last business day preceding the date of the Meeting, or any adjournment or postponement thereof if applicable. If you received your Voting Instruction Form from Broadridge, and voted by phone or internet, you may vote again by phone or internet prior to the deadline specified by Broadridge. If you received your Voting Instruction Form from Broadridge and voted by mail, please contact your account service provider at your intermediary for instructions should you wish to revoke your Voting Instruction Form. If you received a form of proxy from your securities dealer, broker, bank, trust company or other nominee or intermediary, please refer to “How to Vote – Registered Shareholders – Revoking a Vote Made by Proxy” above. In any case, you must comply with any applicable requirements relating to the revocation of votes made by Voting Instruction Form or proxy.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The annual report, the annual financial statements for the fiscal year ended September 30, 2013 and the report of the auditors thereon will be submitted to the Meeting of Shareholders. Receipt at such Meeting of the auditors’ report and the Company’s financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein.

Shareholders may request a copy of the Company’s annual financial statements, interim financial statements and the corresponding MD&A. Enclosed with this information circular is a Request Form which may be completed and delivered to the Company’s registrar and transfer agent, CST Trust Company, P.O. Box 700, Station B, Montreal, Quebec, H3B 3K3, or via hand delivery to 320 Bay Street, 3rd Floor, Toronto, Ontario, M5H 4A6.

ELECTION OF DIRECTORS

The board of directors (the “Board” or the “Board of Directors”) currently consists of eight (8) directors to be elected annually. The Articles of Amalgamation provide for a minimum of three (3) and a maximum of ten (10) directors. The Board of Directors has determined that the number of directors of the Company shall be fixed at eight (8). The following table states the names of all the persons proposed to be nominated by management for election as directors, all other positions and offices with the Company now held by them, their principal occupations, businesses or employments, the period or periods of service as directors of the Company and the number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

Name and Principal Occupation within the past 5 years, province/state and country of residence	Position with the Corporation	Director Since	No. of Voting Securities Owned, Controlled or Directed as at January 31, 2014 ⁽¹⁾
Peter M. Blecher Medical Doctor – Department of Emergency Medicine, Lakeridge Health Hospital Ontario, Canada	Director	December 6, 2005	515,207
Mark A. Cochran Managing Director, John Hopkins Medicine, JHHC – Solutions, Maryland, USA Previously, Chief Business Officer, Microbix Biosystems Inc.	Director	October 1, 1990 to August 28, 2002 and since October 16, 2002	519,277
Vaughn C. Embro-Pantalony President and Chief Executive Officer of the Company, Previously President, StratPath Management Inc. Ontario, Canada	President, Chief Executive Officer, and Director	February 6, 2007	398,185
William J. Gastle ⁽⁴⁾ Chairman & former Chief Executive Officer of the Company Ontario, Canada	Executive Chairman and Director	October 1, 1990	5,489,109 ⁽²⁾
Andrew C. Pollock ⁽³⁾⁽⁵⁾ Sr. Vice President Maple Leaf Consumer Foods Ontario, Canada	Director	March 14, 2006	275,000
Joseph D. Renner ⁽⁴⁾⁽⁵⁾ Pharmaceutical Executive New Jersey, U.S.A	Director	February 25, 2003	1,665,000
Martin Marino ⁽³⁾⁽⁴⁾⁽⁵⁾ Pharmaceutical Executive, Ontario, Canada Previously, Global General Counsel, Merck Generics Group, Germany	Director	February 17, 2009	225,000
Cameron Groome ⁽³⁾⁽⁵⁾ Pharmaceutical Executive, Ontario, Canada Previously, Executive Vice-President, Bioniche Life Sciences Inc.	Director	March 16, 2012	200,000

Notes:

- (1) *The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.*
- (2) *An additional 514,000 common shares are held by Susan M.S. Gastle, Mr. Gastle's spouse. An additional 128,592 common shares are held by Mr. Gastle's son. Mr. Gastle disclaims any beneficial interest in or control over those shares.*
- (3) *Member of the Audit Committee.*
- (4) *Member of the Human Resources and Compensation Committee*
- (5) *Member of the Governance Committee.*

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes “Withheld” than votes “For” will submit his or her resignation promptly following the Meeting. The Human Resources and Compensation Committee will consider the offer of resignation and, except in extraordinary circumstances, will be expected to recommend that the Board accept the resignation, if applicable. The Board may: (1) leave a vacancy on the Board until the Corporation’s next annual meeting; (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders; or (3) call a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED SEPERATELY FOR THE ELECTION OF EACH OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED SEPARATELY IN FAVOUR OF EACH OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

APPOINTMENT OF AUDITORS

It is proposed that BDO Canada LLP, Chartered Accountants be re-appointed as the auditors of the Company to hold office until the next annual meeting of shareholders or until their successor is appointed, at remuneration to be fixed by the Board of Directors. BDO Canada LLP, Chartered Accountants was first appointed auditor of the Corporation in February, 2007.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF BDO CANADA LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS OR UNTIL THEIR SUCCESSOR IS APPOINTED, AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Auditors Fees

The following table summarizes the fees billed to the Company for services provided by its external auditors, BDO Canada LLP, Chartered Accountants, during the fiscal years ended September 30, 2013 and 2012, respectively:

Fiscal Year	Audit Fees	Audit Related Fees	Tax Fees	Other Fees
2013	65,888	7,385	2,100	17,143
2012	\$35,696	\$1,936	\$5,000	\$6,000

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section of the Information Circular explains how the Company's executive compensation program is designed and operated with respect to the individuals who were, at September 30, 2013, the Chief Executive Officer, the Chief Financial Officer and the next three most highly compensated executive officers whose total compensation was, individually, more than \$150,000, and such other individuals as required by applicable legislation (collectively, the "Named Executive Officers") of the Company.

The Human Resources and Compensation Committee (the "**Compensation Committee**") of the Board of Directors reviews and makes recommendations to the Board of Directors with respect to all matters pertaining to the appointment, compensation and benefits of senior management of the Company.

The Compensation Committee of the Board of Directors is composed of Mr. Joseph Renner, Mr. Martin Marino and Mr. William Gastle. Mr. Renner and Mr. Marino are independent directors. Mr. Marino is the Chairman of the Compensation Committee.

The philosophy of the Compensation Committee is to determine compensation of the Company's executive officers relative to the performance of the Company in executing on its objectives. The Company uses remuneration to encourage, compensate and reward employees on the basis of the achievement of daily and long-term corporate and personal goals. Compensation is directly tied to both corporate and individual performance. The base level of compensation is used to attract and retain key individuals with skills and experience required in the Company. Awarding of options to acquire Common Shares is designed to maximize shareholder value in the longer term. The Compensation Committee makes recommendations to the Board of Directors with respect to compensation of executive officers.

The Compensation Committee meets on an annual basis to plan the total compensation changes for the new fiscal year. The Compensation Committee takes into account the business projections and the actual business result with respect to compensation planning for the Company in the next year. There are two main areas of consideration: executive management and the employees. Changes are designed to encourage and reward accomplishments on individual and Company goals, in both the short and long term.

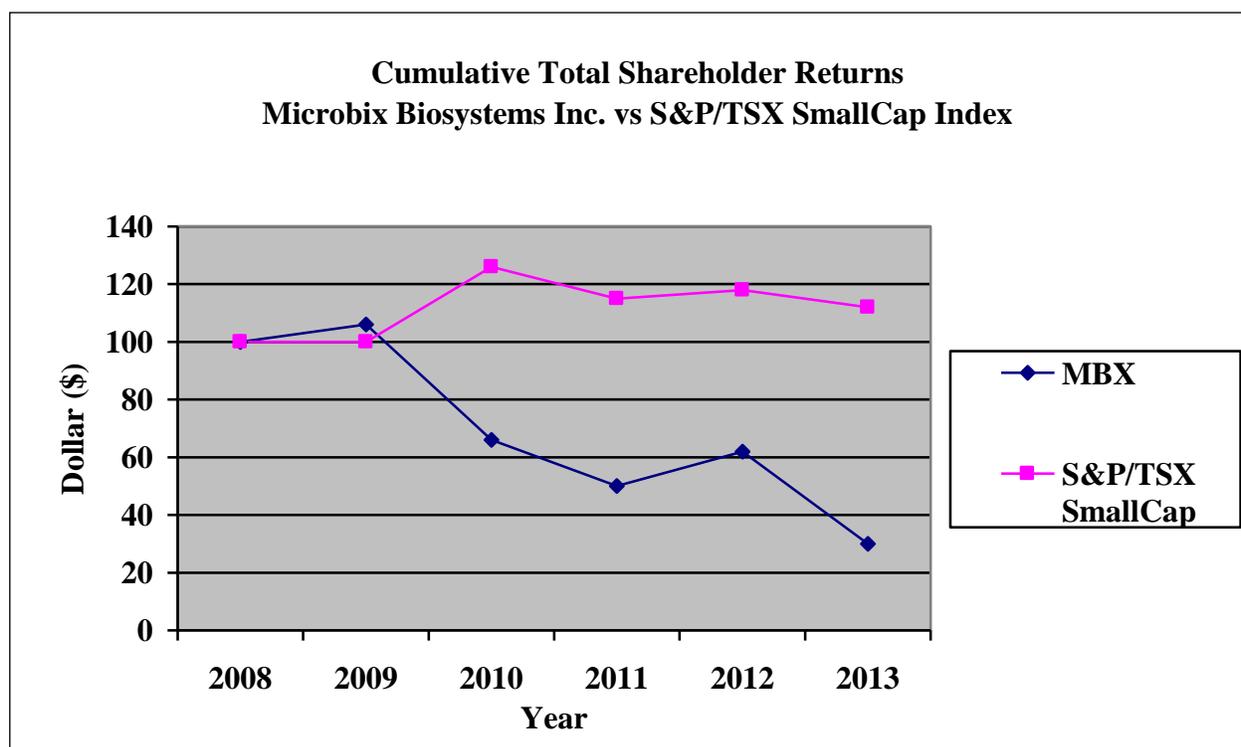
The level of base salary for each employee is determined by the level of responsibility and relative importance of the position in the Company, together with comparative industrial norms. Options are granted to employees as incentive to preserve and maximize shareholder value in the longer term, as a reward for individual success and as a way of encouraging future performance. The Compensation Committee recommends aggregate amounts for both compensation increases and any option grants, and management is responsible for the allocation and distribution among the staff.

The Board of Directors has delegated the authority to grant options to Vaughn Embro-Pantalony through recommendations from the Compensation Committee and the senior management of the Company. Stock options for employees, consultants and directors are granted annually as part of the compensation incentive and additionally as required by business circumstances.

The compensation for the executive management, including the CEO, President, CFO, and Vice President positions, is based on the achievement of business goals. The Company uses a leading corporate analysis report to ensure that compensation is competitive and in the range of market value.

SHARE PERFORMANCE GRAPH

The following graph compares the yearly percentage in the cumulative total shareholder return of the common shares of the Company for the period from September 30, 2008 to September 30, 2013 with the cumulative total return of the S&P/TSX SmallCap Index for the same period. ⁽¹⁾



	2008	2009	2010	2011	2012	2013
MBX	\$100	106	66	50	62	30
S&P/TSX Small Cap Index	\$100	100	126	115	118	112

Notes:

(1) Assumes \$100 invested in the Company's common shares on September 30, 2008 and in the S&P/TSX SmallCap Index, which assumes dividend reinvestment.

COMPENSATION SUMMARY

The following table sets out all compensation paid, payable, awarded, granted or otherwise provided, directly or indirectly, by the Company, in Canadian dollars, to the individuals who were at September 30, 2013, the Chief Executive Officer, Chief Financial Officer, and the next three most highly compensated executive officers whose total compensation was, individually, more than \$150,000, for the three most recently completed fiscal years of the Company.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Non-equity Annual Incentive Programs (\$)	All Other Compensation (\$)	LTIP ⁽¹⁾ Payouts (\$)	Total Compensation (\$)
Vaughn Embro-Pantalony President & CEO ⁽⁴⁾	2013	212,375	--	--	--	--	--	212,375
	2012	--	--	--	--	--	--	----
	2011	--	--	--	--	--	--	--
William J. Gastle, Chairman	2013	197,319	--	8,077 ⁽²⁾	--	--	--	205,396
	2012	224,363	--	8,400 ⁽²⁾	--	--	--	232,763
	2011	194,154	--	8,400 ⁽²⁾	--	--	--	202,554
Charles S. Wallace Chief Financial Officer ⁽⁵⁾	2013	14,113	--	--	--	--	--	14,113
James A. Long, Chief Financial Officer ⁽³⁾	2013	173,729	--	6,480 ⁽²⁾	--	87,000	--	282,609
	2012	191,257	--	7,020 ⁽²⁾	--	--	--	198,277
	2011	174,923	--	7,020 ⁽²⁾	--	--	--	181,943
Phillip Casselli, Senior Vice-President, Sales & Business Dev.	2013	177,469	--	6,000 ⁽²⁾	--	--	--	183,469
	2012	175,151	--	6,000 ⁽²⁾	--	--	--	181,151
	2011	174,000	--	6,000 ⁽²⁾	--	--	--	180,000
Kevin Cassidy, Vice President, Biopharmaceuticals	2013	152,990	--	--	--	--	--	152,990
	2012	150,992	--	--	--	--	--	150,992
	2011	140,370	--	--	--	--	--	140,370

Notes:

- (1) Long-term incentive plans.
- (2) Automobile allowance.
- (3) James A. Long retired as CFO of the Company on September 30, 2013
- (4) Vaughn Embro-Pantalony was appointed President of the Company November, 2012 and is remunerated through a services contract.
- (5) Charles S. Wallace was appointed Chief Financial Officer on September 1, 2013 and is remunerated through a services contract.

INCENTIVE PLAN AWARDS

Outstanding option-based awards and share-based awards as at September 30, 2013

NEO Name	Option-based Awards				Share-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options (#)	Option exercise price ⁽³⁾ (\$)	Option expiration date	Value of unexercised in-the-money options ⁽⁴⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Vaughn Embro-Pantalony	50,000	\$0.39	Jan 13, 2015	Nil	Nil	N/A
	200,000	\$0.36	Mar 19, 2015			
	125,000	\$0.29	Feb 22, 2017			
	400,000	\$0.26	Dec 19, 2017			
James A. Long	100,000	\$0.30	Jun 28, 2017	Nil	Nil	N/A
	250,000	\$0.36	Jun. 14, 2016			
	200,000	\$0.39	Jan. 13, 2015			
	100,000	\$0.35	Mar. 31, 2014			
Philip Casselli	100,000	\$0.30	June 28, 2017	Nil	Nil	N/A
	100,000	\$0.36	Jun. 14, 2016			
	100,000	\$0.39	Jan. 13, 2015			
	100,000	\$0.35	Mar. 31, 2014			
Kevin Cassidy	100,000	\$0.30	June 28, 2017	Nil	Nil	N/A
	100,000	\$0.36	Jun. 14, 2016			
	15,000	\$0.39	Jan. 13, 2015			
	15,000	\$0.35	Mar. 31, 2014			

Notes:

- (1) *The Corporation does not have a share-based awards plan.*
- (2) *The securities underlying the stock options of the Company are Common Shares. The issuer of the stock options is the Company. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section below entitled "Stock Option Plan".*
- (3) *The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the TSX on the trading day immediately preceding the date of grant.*
- (4) *The value of unexercised in-the-money options is calculated as the difference between the closing price of the Corporation's Common Shares on the TSX on September 30, 2013 of \$0.15 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the NEO. The actual gains, if any, on exercise will depend on the value of the Common Shares on the TSX on the date of the option exercise.*

Incentive plan awards - value vested or earned during the year ended September 30, 2013

NEO Name	Option-based awards – Value vested during the year (\$)	Share-based awards - Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year ⁽²⁾ (\$)
Vaughn Embro-Pantalony	\$104,000	Nil	Nil

Notes:

- (1) *The Corporation does not have a share-based awards plan.*
- (2) *The Corporation does not have any long-term non-equity incentive plans in place.*

Any options held by a NEO that vested during the year that had an exercise price higher than the market price at the time of vesting were valued at zero as no dollar amount would have been realized if the options had been exercised on the date of vesting.

PENSION PLAN BENEFITS

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

COMPENSATION OF DIRECTORS

Material Factors Necessary to Understand Director Compensation

The Board reviews and approves changes to the Company's director compensation arrangements from time to time to ensure they remain competitive in light of the time commitments required from directors and align directors' interests with those of the Company's shareholders.

The Company has adopted a compensation scheme for non-executive directors that pay each non-executive director an attendance fee of \$500 per meeting attended in person and \$500 per meeting attended by telephone. The Directors have agreed to waive these fees during the fiscal year ended September 30, 2013.

Directors are also eligible to participate in the Company's Stock Option Plan and are awarded stock options under the Plan from time to time as compensation for their services as directors. For further details concerning the terms of the Plan, please see the section of this Information Circular below entitled "*Stock Option Plan*".

Directors are also reimbursed for travel and other expenses incurred in attending meetings and the performance of their duties.

During the financial year ended September 30, 2013, the directors (excluding NEOs who are directors and are not entitled to any additional compensation for their service as directors) received compensation set out in this Information Circular. The directors are not entitled to any compensation under any annual or long-term non-equity incentive plans. The Company has not granted, and nor do the directors hold, any share-based awards.

Director Option-based Awards

Outstanding option-based awards and share-based awards as at September 30, 2013

Name	Option-based Awards				Share-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options ⁽²⁾ (#)	Option exercise price ⁽³⁾ (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽⁴⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Vaughn Embro-Pantalony	50,000	\$0.39	Jan 13/15	-	-	-
	200,000	\$0.36	Mar 19/15	-	-	-
	125,000	\$0.29	Feb 22/17	-	-	-
	400,000	\$0.26	Dec 19/17	-	-	-
Peter M. Blecher	25,000	\$0.35	Mar 31/14	-	-	-
	50,000	\$0.39	Jan 13/15	-	-	-
	100,000	\$0.36	Mar 19/15	-	-	-
Mark A. Cochran	200,000	\$0.35	Mar 31/14	-	-	-
	25,000	\$0.57	Sept 18/14	-	-	-
	200,000	\$0.39	Jan 13/15	-	-	-
	100,000	\$0.36	Mar 19/15	-	-	-
William J. Gastle	175,000	\$0.35	Mar 31/14	-	-	-
	260,000	\$0.39	Jan 13/15	-	-	-
	250,000	\$0.36	June 14/16	-	-	-
Martin Marino	125,000	\$0.35	Mar 31/14	-	-	-
	50,000	\$0.39	Jan 13/15	-	-	-
	200,000	\$0.36	Mar 19/15	-	-	-
Andrew Pollock	50,000	\$0.35	Mar 31/14	-	-	-
	50,000	\$0.39	Jan 13/15	-	-	-
	100,000	\$0.36	Mar 19/15	-	-	-
Joseph D. Renner	25,000	\$1.20	Feb 11/13	-	-	-
	25,000	\$0.35	Mar 31/14	-	-	-
	75,000	\$0.57	Sept 18/14	-	-	-
	50,000	\$0.39	Jan 13/15	-	-	-
	500,000	\$0.36	Mar 19/15	-	-	-
Cameron Groome	200,000	\$0.30	Mar 23/17	-	-	-

Notes:

- (1) *The Company does not have a share-based awards plan.*
- (2) *The securities underlying the stock options of the Company are Common Shares. The issuer of the stock options is the Company. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section above entitled "Stock Option Plan".*
- (3) *The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the TSX on the trading day immediately preceding the date of grant.*

Any options held by directors that vested during the year had an exercise price higher than the market price at the time of vesting and therefore no dollar amount would have been realized if the options had been exercised on the date of vesting.

The Board considers option grants to directors at the time a director joins the Board and annually thereafter. Option grants to directors are intended as a long term incentive and vest in equal portions over a period of three years.

Any options held by a director that vested during the year that had an exercise price higher than the market price at the time of vesting were valued at zero as no dollar amount would have been realized if the options had been exercised on the date of vesting.

The Company annually renews and purchases insurance coverage for directors' and officers' liability. The premium is fully paid by the Company and for the current year was \$28,392. The directors' and officers' liability is 10,000,000.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information as of September 30, 2013, the year end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance. The only compensation plan under which equity securities of the Company are authorized for issuance is the Stock Option Plan, which has been approved by shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights ⁽¹⁾ (a)	Weighted-average exercise price of outstanding options, warrants and rights ⁽¹⁾ (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) ⁽¹⁾ (c)
Equity compensation plans approved by security holders	6,660,000	\$0.36	2,890,500
Equity compensation plans not approved by security holders	None	N/A	N/A
Total	6,660,000	\$0.36	2,890,500

Summary of Stock Option Plan

On January 26, 1995, the shareholders approved a stock option plan, which was subsequently amended on March 24, 1999, May 10, 2007, February 17, 2010, and again on March 16, 2011 (the "Plan") providing for the granting of stock options. Pursuant to the Plan, the Board of Directors may, from time to time, at its discretion, and in accordance with the requirements of the TSX, on which securities of the Company are traded, grant options to purchase common shares of the Company. As of the date hereof, 12,000,000 options are authorized under the Plan, representing 17.9% of the number of issued and outstanding shares of the Company. Of this fixed maximum, 2,449,500 options have been exercised, representing approximately 3.7% of the Company's issued and outstanding common shares as of the date hereof, and are not available for future grants under the current fixed maximum amount, leaving 6,660,000

options currently granted and outstanding as of the date hereof under the Plan, which represents approximately 9.9% of the issued and outstanding shares of the Company as of the date hereof, and 2,890,500 options, representing approximately 4.3% of the Company's issued and outstanding shares as of the date hereof, are available for grant under the Plan. Any common shares subject to an option which has been granted under the Plan that expires or terminates without having been fully exercised may be made the subject of a further option under the Plan.

Eligibility

The Plan provides that options may be granted by the Board of Directors to officers, directors, employees and service providers of the Company, and of any affiliate or subsidiary of the Company (the "Participants"). The Plan is intended to encourage ownership of common shares of the Company by Participants and to thereby provide additional incentive for the Participants to promote the success and business of the Company.

Exercise Price

The exercise price of common shares that are the subject of any option may be fixed by the directors of the Company, or their appointee, but under no circumstances will any price be less than the market price of the common shares at the time of the grant. The "market price" per common share at any time shall be the closing sale price of common shares on The Toronto Stock Exchange (the "TSX") on the business day immediately prior to the day on which the market price is to be determined. If there is no sale of board lots of common shares on such day, then the market price will be the average of the bid and asked prices on the TSX for the business day immediately prior to the day that the market price is to be determined, or if there are no bid and asked prices on the TSX on such day, then the market price will be the five-day weighted average of the closing prices for board lots of common shares on the TSX based on the five business days immediately prior to the day on which the market price is to be determined. If the common shares are listed and posted for trading on another stock exchange but not on the TSX, references to the TSX in the foregoing definition should be read as the other exchange. If the common shares are not listed and posted for trading on a stock exchange, the market price of the common shares shall be the fair market value as determined by the Board of Directors.

Insider Participation Limit

The Stock Option Plan provides that the number of common shares which may be reserved for issuance to insiders of the Company under the Stock Option Plan and under any other employee stock option plans or other share compensation plans shall not exceed 10% of the outstanding shares of the Company. The Stock Option Plan further provides that the number of common shares which may be issued within a one year period to insiders of the Company pursuant to the Stock Option Plan and under any other employee stock option plans or other share compensation arrangements shall not exceed 10% of the outstanding shares of the Company. The Stock Option Plan further provides that the number of common shares which may be issued within a one year period to any one insider (and such insider's associates) of the Company pursuant to the Stock Option Plan and under any other employee stock option plans or other share compensation arrangements shall not exceed 5% of the outstanding shares of the Company.

Term, Vesting and Blackout

The period of exercise of any option shall not extend beyond a period of ten years from the date of grant of the option, subject to earlier expiry in the event of death, disability or termination of employment, office, directorship or service, as the case may be. The period within which an option or

portion thereof may be exercised by a Participant in each case is determined by the Board of Directors. Subject to certain conditions, options may be exercised within 12 months of death of an optionee. In the event of termination of employment, office, directorship or service due to disability, options may be exercised for a period of 6 months from the date of such termination. In the event of termination of employment, office, directorship or service for any reason other than death or disability, options may be exercised for a period of 3 months from the date of such termination.

If the expiry date of an option falls on or within nine (9) trading days immediately following the date upon which the optionee is prohibited from exercising such option due to a black out period or other trading restriction imposed by the Company, then the expiry date of such option shall be extended to the tenth (10th) trading day following the date the relevant black out period is lifted.

Options vest after three months from the date of grant or such longer period as determined by the Board of Directors, provided the Participant shall have remained in the employ or as an officer or director of or provided services to the Company for at least three months.

Assignment

Options granted under the Plan are not assignable or transferable other than by will or by the laws of descent and distribution.

Amendments to the Plan

The Board of Directors has the discretion to make certain amendments to the Plan without having to obtain shareholder approval. Without limiting the scope of the foregoing, the Plan provides that, for greater certainty, the Board may make the following amendments to the Plan or any option thereunder without shareholder approval: (i) minor amendments of a housekeeping or clerical nature; (ii) amendments to the vesting provisions of the Plan or any option granted under the Plan; (iii) a change to the early termination provisions of an option or of the Plan, (iv) additions or modifications of a provision relating to financial assistance; and (v) the suspension of termination of the Plan.

However, the Board of Directors may not, without the prior approval of the shareholders of the Company, make any amendment to the Plan in respect of:

- (1) the maximum number of shares of the Company which are reserved for issuance under the Plan (and under any other share compensation agreement of the Company);
- (2) a reduction in the exercise price for options held by insiders; or
- (3) an extension to the terms of options held by insiders.

Early Expiry

In the event an optionee's employment, office, directorship with or service to the Company is terminated, other than by reason of death or permanent disability, such optionee may exercise his or her options for a period within 90 days of the date of termination of the optionee's employment, office, directorship or services, as the case may be.

INDEBTEDNESS OF EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

As at the date hereof, none of the executive officers, directors, employees and former executive officers, directors and employees of the Company are indebted to the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company has developed under the stewardship of the Board of Directors which works closely with management, making decisions as a whole rather than through a system of committees. The Company has three (3) formal committees: the Audit Committee; the Human Resources and Compensation Committee; and Governance Committee. The Board holds formal meetings as required at least once per fiscal quarter to consider the Company's business and financial performance, the appointment of officers and approval of shareholder communications. Additional meetings are held as needed to consider specific issues that arise from time to time. During the fiscal year ended September 30, 2013, the Board met 5 times.

Working groups of directors as ad hoc committees may be formed as required to investigate business developments or other operational matters. Historically, the Chairman and Chief Executive Officer has consulted with individual directors on an informal basis, usually weekly. Because there are only two senior executives, members of the Board of Directors often provide direct assistance and participate closely in operational and strategic decisions before they are submitted to the Board as a whole. In this regard, the Board is very much a "working board" in the sense that Board members are often directly involved in management issues. Management also prepares reports to the Board in respect of operations and matters which require pre-approval by the Board. All material items of a capital nature, as well as material expenditures, borrowings, annual financial statements and shareholder communications, require Board pre-approval. The Audit Committee reviews all disclosure of financial information such as annual and interim financial statements and related press releases prior to dissemination.

The Chairman and Chief Executive Officer report to the Board on the Company's progress by comparing actual results to annual forecasts. Management is responsible for risk identification, risk management, succession planning, human resource management and public communication, under the overall direction of the Chairman and Chief Executive Officer who reports to and accepts direction in these areas from the Board. The Board of Directors reviews the performance of the Chairman and Chief Executive Officer informally on an ongoing basis. The Board, directly and through its Audit Committee, assesses the integrity of the Company's internal control and management information systems.

The Company does not have a significant shareholder with the ability to exercise a majority of the votes for the election of directors. Five of the eight members of the Board of Directors are independent, being free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests or relationships arising from shareholdings. The non-independent directors are Mr. Gastle, by virtue of his former position as Chairman and Chief Executive Officer of the Company and Dr. Mark Cochran by virtue of his consulting position with the Company and Mr. Embro-Pantalony by virtue of his positions with the Company. In November, 2012, Mr. Embro-Pantalony was appointed President and Chief Executive Officer of the Company.

The Board has not appointed a nominating committee to appoint and assess directors, nor has it implemented a formal process for assessing directors. Appointments to the Board of Directors are discussed by the Board as a whole with a view to reflecting the interest of shareholders and the needs of the Company. Assessments of directors are conducted in the same way. New directors are provided with an orientation program consisting of informal meetings with other Board members, management, the Company's legal counsel and/or auditors, depending upon the new directors' appointments and wishes. The Board considers that the current size of the Board is appropriate for the Company's size, complexity and stage of development.

The Board has considered the compensation of directors in light of risks and responsibilities. Directors' cash remuneration is traditionally waived by directors. Directors' principal compensation is through grants of stock options. See "Compensation of Directors" above.

The Audit Committee is composed of Mr. Martin Marino as Chairman and Directors Joseph Renner and Andrew Pollock. Messrs. Marino, Renner and Pollock are independent directors. The Audit Committee is responsible for the Company's financial and other internal control systems and reporting. It has direct access to internal and external auditors, and is in close contact with the financial management of the Company. The Company has adopted an Audit Committee Charter, a copy of which is annexed to this information circular as **Schedule "A"**.

The Compensation Committee is composed of Messrs. Renner, Marino and Gastle. The Compensation Committee is responsible for overseeing compensation, promotions and appointments of senior management of the Company and of the Board of Directors.

The Governance Committee is composed of Messrs. Marino, Pollock, and Groome. The Governance Committee is responsible for overseeing and developing the Company's approach to corporate governance issues.

Annexed to this information circular as **Schedule "B"**, is a disclosure of the Company's approach to corporate governance in the form required by National Instrument 58-101.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an officer of the Company at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, except as disclosed in this Information Circular.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management knows of no matters to come before the Meeting of shareholders other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Security holders may contact the Company to request copies of the Company's financial statements and Management's Discussion and Analysis ("MDA") by completing the Request Form sent to shareholders with this information circular and mailing it to Canadian Stock Transfer Company Inc., P.O. Box 700, Station B, Montreal, Quebec, H3B 3K3 or via hand delivery to 320 Bay Street, 3rd Floor, Toronto, Ontario, M5H 4A6. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year ended September 30, 2012.

GENERAL

Except where otherwise indicated, information contained herein is given as of January 31, 2014.

DATED this 31st day of January, 2014.

By Order of the Board of Directors of

Microbix Biosystems Inc.

By: "Vaughn Embro-Pantalony"
Vaughn Embro-Pantalony,
Chief Executive Officer

Schedule “A”

AUDIT COMMITTEE CHARTER

Role

The purpose of the Audit Committee of the Board of Directors (the “Board”) of Microbix Biosystems Inc. (the “Company”) is to assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Audit Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on the Company’s processes to manage business and financial risk, and on compliance with applicable legal, ethical and regulatory requirements.

Membership

The membership of the Audit Committee shall consist of at least three directors who are (or within a reasonable period of time become) financially literate and generally knowledgeable in financial and auditing matters, including at least one member with accounting or related financial management expertise. Each member of the Audit Committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. Each member shall be independent, meaning that the member shall be free of any direct or indirect material relationship with the Company. A material relationship means a relationship that, in the view of the Board, could reasonably interfere with the exercise of the member’s independent judgment. The provisions and requirements of Multilateral Instrument 52-110 “Audit Committee” related to determining the independence of individuals shall apply to members of the Audit Committee. In addition, each member of the Audit Committee shall be an “unrelated director” within the meaning of the rules of the Toronto Stock Exchange (the “TSX”).

The Chair of the Audit Committee shall be appointed by the full Board.

Communications and Reporting

The Committee is expected to maintain free and open communication with the external auditors, the internal accounting staff, and the Company’s management. This communication shall include private executive sessions, at least annually, with each of these parties. The Committee chairperson shall report on Audit Committee activities to the full Board.

Authority

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose. The Audit Committee shall be empowered to set and pay the compensation for any such advisors employed by the Audit Committee. The Audit Committee shall have the authority to communicate directly with the internal and external auditors of the Company.

Responsibilities

Oversight

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

Recommend Auditor

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

Pre-Approve Non-Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to the Company (or any of its subsidiary entities) by the Company's external auditor.

Review Financial Disclosure

The Audit Committee must review the Company's financial statements, management's discussion and analysis (MD&A) and annual and interim financial press releases before the Company publicly discloses this information.

The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and must periodically assess the adequacy of those procedures.

Whistle Blower Procedures

The Audit Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employee's of the Company of concerns regarding questionable accounting or auditing matters.

Reliance on Management and Auditors

The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the external auditor in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Company's financial statements. The Audit Committee should assure itself that the Company's internal policies, procedures and controls are adequate and are being implemented and followed.

Relationship with Auditors

The Audit Committee is also responsible for ensuring that the Company's external auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the external auditors and the Company and actively engaging in a dialogue with the external auditors with respect to any disclosure relationships or services that may impact the objectivity and independence of the external auditors and for taking appropriate action to ensure the independence of the external auditors within the meaning of applicable Canadian law.

The Audit Committee must review and approve the Company's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

Guidelines for Audit Committee

With respect to the exercise of its duties and responsibilities, the Audit Committee should, among other things:

- (1) report regularly to the Board on its activities, as appropriate;
- (2) exercise reasonable diligence in gathering and considering all material information;
- (3) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;
- (4) understand and weigh alternative courses of conduct that may be available;
- (5) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;
- (6) if the Audit Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities; and
- (7) provide management and the Company's independent auditors with appropriate opportunities to meet privately with the Audit Committee.

Meetings

The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Audit Committee shall meet at least annually with management and the Company's external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups or persons believe should be discussed privately. In addition, the Audit Committee should meet or confer with the external auditors and management to review the Company's interim consolidated financial statements and related filings prior to their filing with the Ontario Securities Commission, or any other regulatory body. The Chairman should work with the Chief Financial Officer and management to establish the agendas for Audit Committee meetings. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to

provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee's activities and provide copies of such minutes to the Board to be included in the minute books of the Company.

Disclosure and Review of Charter

This Charter shall be published in the Company's annual report, information circular or annual information form of the Company as required by law. The Audit Committee should review and assess annually the adequacy of this Charter as required by the applicable rules of the TSX or applicable Canadian securities regulators.

Schedule “B”

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

Five of the eight members of the Board are independent directors. These independent directors are Dr. Peter Blecher, Martin Marino, Andrew C. Pollock, Joseph D. Renner, and Cameron Groome. William J. Gastle is not independent as he acted as Chief Executive Officer of the Company until November 16, 2012. Dr. Mark Cochran is not independent due to his past consulting role with the Company. Vaughn Embro-Pantalony is not independent due to his consulting role with the Company and because he was appointed President and Chief Executive Officer on November 16, 2012

Mr. Gastle is the Chairman of the Board of Directors of the Company. As he is not an independent director, Andrew Pollock has been appointed the Lead Director and is an independent director. Mr. Gastle is responsible for chairing meetings of the Board and calls meetings of the Board as required between the regularly scheduled quarterly meetings, as issues of substance arise. Mr. Gastle is responsible for the management, development and effective performance of the Board and provides leadership to the Board for all aspects of the Board’s work.

The Lead Director of the Board acts in an advisory capacity to the Chairman and Chief Executive Officer and to other officers in all matters concerning the interests of the Board and relationships between management and the Board.

In fiscal 2013, the full Board met 6 times with attendance as noted below. Regular Board meetings are called on a quarterly basis. Special Board Meetings are called for specific strategic business reasons. The Board is consulted on a frequent and informal basis by management which is done extraordinarily to regular meetings.

Name	Date of Meeting					
	Nov 16, 2012	Dec 18, 2012	Feb12, 2013	May 9, 2013	Jun 19, 2013	Aug 8, 2013
Andrew Pollock	x	x	x	x	x	x
Joe Renner		x	x	x	x	x
Mark Cochran	x	x	x			x
Peter Blecher	x	x	x		x	x
Vaughn Embro-Pantalony	x	x	x	x	x	x
William Gastle	x	x	x	x	x	x
Martin Marino	x	x	x	x	x	x
Cameron Groome	x	x	x	x	x	x

During the fiscal year ended September 30, 2013, the Audit Committee met 4 times; the Human Resources and Compensation Committee met one (1) time the Governance Committee met one (1) time.

The Board functions independently as a majority of the members of the Board are not involved in management. Also, when appropriate, the Board excuses management from meetings and conducts business and makes decisions exclusive of management.

Mandate for the Board of Directors of Microbix Biosystems Inc.

Overview

The “Mandate for the Board” (the “**Board Mandate**”) is intended to be consistent with the responsibility of a Board of company the size of Microbix. The Board has the responsibility to oversee the conduct of the business of the Company and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Company. The Board has formerly operated informally by delegating certain of its authorities to management and by reserving certain powers to itself. The Board inherently retains the responsibility of managing its own affairs including reviewing candidates for election to the Board, constituting committees of the full Board and determining compensation for the directors. The Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

Objectives

The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner and meet all regulatory requirements. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, and customers may have in the Company. In broad terms, the stewardship of the Company involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

The Board may also perform any other activities consistent with this Board Mandate, the *Business Corporation’s Act* (Ontario), the Company’s constating documents and any other governing laws as the Board determines necessary or appropriate.

Committees

The Board, as a whole, receives advice and the results of the review of matters referred to committees by the Board, from the three Committees of the Board. Terms of reference are provided by the Board when Committees are appointed annually. The Board selects Directors for Committees, who in its judgment, have the qualifications for appointment and are willing to serve. The terms of reference for each committee Chairman are provided upon appointment unless they are assumed by virtue of his qualifications and performance in the position held previously. Reporting responsibilities are understood to be the Board and the function of the Chairman and his key responsibilities are reviewed annually. Appointment to committees is for indefinite terms.

The Board has not developed a formal position description for the Chief Executive Officer. His position is reviewed annually by the Compensation and Governance Committee and considered by the Board as a whole, annually.

The Board reviews a strategic plan which takes into account the opportunities and risks of the business annually in consultation with the Chief Executive Officer.

The Board should appoint a Chair. The role and responsibilities of the Chairman is to oversees the administration of Board matters including but not limited to scheduling meetings, preparing documentation for Board review, consulting with legal counsel, setting meeting dates and communicating with Directors regularly to ensure all issues of concern to the Board are addressed in meetings.

In the event the Chairman is also an officer or executive of the Company, the Board shall appoint a Lead Director who shall not be an officer or executive of the Company. The Lead Director shall act in an advisory capacity to Chairman and Chief Executive Officer and to the Board of Directors and shall be independent of management.

Orientation and Continuing Education

The Company shall have a process of orientation and education for new members of the Board. When a new member joins the Board, the member shall have a meeting with the management of the Company. This meeting shall include an orientation of the business, strategy, financials and history of the Company as well as a question and answer period. The new member shall also meet with the Board and with each Committee, to which the new board member is appointed, to discuss with the Board/Committee its mandates, policies and procedures. New Board members shall also be given a copy of the Company's Governance Policies. Any further orientation and/or education shall be determined on an ad hoc basis dependent on the needs of the new member.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Ethics (the “**Code**”) which applies to all directors, officers and employees of the Company, including but not limited to, the chief executive officer, chief financial officer, controller and persons performing similar functions. A copy of the Code is available from the Company upon request and is available at www.sedar.com.

The Board shall appoint the Corporate Secretary and General Counsel as Compliance Officer under the Code. The Company will circulate the Code to all officers, directors and employees of the Company. Management of the Company will certify to the Board quarterly on compliance with the Code.

Conflicts of interest and potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company, if any, are subject to the procedures provided under the *Business Corporations Act* (Ontario).

Nomination of Directors

The Board as a whole determines who shall be nominated for election to the Board.

Nominations are reviewed in respect of the governance of the Company; qualifications are assessed on an individual basis. Directors are generally selected from professionals with expertise that the Board believes would strengthen the expertise needed in the course of the business of the Company. The Board reviews its size on an on-going basis, and at least annually, with a view to determining the impact of the number of directors upon effectiveness. As the Company has traditionally had three Directors who are not residents or citizens of Canada, the category of foreign Directors is considered when appointing new Board Members.

Compensation

The Compensation Committee reviews the adequacy and form of compensation of directors and officers at least on an annual basis. The Compensation Committee reports its findings to the full Board and recommends compensation which is appropriate for the responsibilities and risks assumed by the directors.

The Compensation Committee's primary duties and responsibilities are to review and make recommendations to the Board in respect of: (a) human resource policies, practices and structures (to monitor consistency with the Company's goals and near and long term strategies, support of operational effectiveness and efficiency, and maximization of human resources potential); (b) compensation policies and guidelines; (c) management incentive and perquisite plans and any non-standard remuneration plans; (d) senior management, executive officer appointments and their compensation; (e) management succession plans, management training and development plans, termination policies and termination arrangements; (f) the Company's senior human resource (organizational) structure; and (g) Board compensation matters. The Compensation Committee makes recommendations with respect to the compensation of the executive officers and the Board to the Board, which gives final approval with respect to any executive compensation and directors' compensation matters and issues.

Assessments

The Board shall assess the effectiveness of the Board as a whole, committees of the Board, and the contribution of individual directors on an informal basis. The Lead Director considers the assessment reported to him by individual directors on an annual basis or more frequently from time to time as the need arises. The Lead Director takes appropriate action as required based on discussion with other directors.

Board of Directors

A majority of the Board shall be independent directors.

The Board shall hold regular meetings called on a quarterly basis. The Board shall be consulted on a frequent and informal basis by management which shall occur in addition to regular meetings.



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