

**MICROBIX BIOSYSTEMS INC.**



**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS  
TO BE HELD ON APRIL 6, 2016**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FEBRUARY 25, 2016**

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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 APRIL 6, 2016

**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, April 6 2016, at the hour of 1:00 p.m. (Toronto time) for the purpose of:

- (a) receiving the Company’s 2015 Annual Report containing the financial statements for the year ended September 30, 2015, and the report of the auditors thereon;
- (b) electing directors;
- (c) appointing Collins Barrow Toronto LLP as the auditors of the Company and authorizing the directors to fix their remuneration;
- (d) to consider, and if thought advisable, to approve with or without amendment, a resolution confirming By-Law No. 5 of the Company setting out advance notice requirements for nominations of directors by shareholders; and
- (e) 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 February 19, 2016 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 0A1, not later than 5:00 p.m. (Toronto time) on the 4<sup>th</sup> day of April, 2016, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, and holidays, preceding the time of such adjourned Meeting. Registered Shareholders may also vote via the internet at [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com). Votes by internet must be received by than 5:00 p.m. (Toronto time) on the 4<sup>th</sup> day of April, 2016, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, 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 April 4, 2016 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, and holidays,

preceding the time of such adjourned Meeting. Votes by internet must be received by than 5:00 p.m. (Toronto time) on the 4<sup>th</sup> day of April, 2016, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, and holidays, preceding the time of such adjourned Meeting.

**DATED** this 25<sup>th</sup> day of February, 2016.

BY ORDER OF THE BOARD OF DIRECTORS



By:

\_\_\_\_\_  
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 APRIL 6, 2016**

**VOTING INFORMATION**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“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 (“**Shareholders**”) of the Company (the “**Meeting**”) to be held at the University Club, 380 University Avenue, Toronto, Ontario on Wednesday, the 6<sup>th</sup> day of April, 2016, 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](http://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 0A1 not later than 5:00 p.m. (Toronto Time) on April 4, 2016 or if the Meeting is adjourned, not later than 48 hours excluding Saturdays, Sundays 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. Registered Shareholders may also vote via the internet at [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com). Votes by internet must be received by than 5:00 p.m. (Toronto time) on the 4<sup>th</sup> day of April, 2016, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, and holidays, preceding the time of such adjourned Meeting

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, FOR THE APPROVAL OF THE ADVANCE NOTICE BY-LAW RESOLUTION, AND FOR THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION AS SET OUT IN THIS INFORMATION 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 February 19, 2016 (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 84,704,257 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.

### **NOTICE AND ACCESS REGIME**

National Instrument 54-101 and National Instrument 51-102 – *Continuous Disclosure Obligations* allow for the use of a “notice and access” regime for the delivery of proxy-related materials such as our Circular (“**Proxy Materials**”).

Under the notice-and-access regime, reporting issuers are permitted to deliver the Proxy Materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each shareholder receiving the Proxy Materials under this regime. The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the Proxy Materials; and (iv) a plain-language explanation of how the new notice-and-access system operates and how the Proxy Materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to shareholders electronically. This notice package must be mailed to shareholders from whom consent to electronic delivery has not been received.

Microbix has elected to send its Proxy Materials to Shareholders using the notice-and-access regime. Accordingly, Microbix will send the above-mentioned notice package to Microbix Shareholders which includes instructions on how to access Microbix’ Proxy Materials online and how to request a paper copy of these materials. Distribution of Microbix’ Proxy Materials pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs thus reducing out impact on the environment.

## 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 Voting Instruction Form 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 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 April 4, 2016 (the "**proxy cut-off**") before the time set for the Meeting, or if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays of any adjournment of the Meeting.

### ***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;
- **FOR** the re-appointment of Collins Barrow Toronto LLP as auditor of the Company and the authorization of the Directors to fix the remuneration of the auditor; and
- **FOR** the approval of the Advance Notice By-law Resolution.

**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 Voting Instruction Form.

If you are a non-registered Shareholder and have received a Voting Instruction Form 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 Voting Instruction Form 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 Voting Instruction Form 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 you 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, 2015 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, 3<sup>rd</sup> 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 of the Company 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:

<b>Name and Principal Occupation within the past 5 years, province/state and country of residence</b>	<b>Position with the Company</b>	<b>Director Since</b>	<b>No. of Voting Securities Owned, Controlled or Directed as at February 25, 2016 <sup>(1)</sup></b>
<b>Peter M. Blecher</b> Medical Doctor Department of Emergency Medicine Lakeridge Health Hospital Ontario, Canada	Director	December 6, 2005	384,615
<b>Mark A. Cochran</b> Managing Director Johns Hopkins Medicine JHHC – Solutions Maryland, USA	Director	October 16, 2002	524,277
<b>Vaughn C. Embro-Pantalony</b> <sup>(3)(4)</sup> President and Chief Executive Officer, Microbix Biosystems, Inc. Ontario, Canada	President, Chief Executive Officer, and Director	February 6, 2007	1,050,037
<b>William J. Gastle</b> <sup>(3)(4)</sup> Executive Chairman, Microbix Biosystems, Inc. Ontario, Canada	Executive Chairman and Director	October 1, 1990	5,398,836
<b>Andrew C. Pollock</b> <sup>(3) (4)</sup> Vice President , Marketing Weight Watchers Canada Ontario, Canada	Director	March 14, 2006	202,000
<b>Joseph D. Renner</b> <sup>(4)</sup> Chairman of the Board Zydus Pharmaceuticals USA Inc. New Jersey, USA	Director	February 25, 2003	5,263,183
<b>Martin Marino</b> <sup>(3)(4)</sup> Pharmaceutical Executive, Ontario, Canada Previously, Global General Counsel, Merck Generics Group, Germany	Director	February 17, 2009	100,000
<b>Cameron Groome</b> <sup>(3)</sup> President & Chief Executive Officer, Avivagen Ontario, Canada	Director	March 8, 2012	40,000

*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 744,000 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 Compensation 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 to the board 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 Company’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 Collins Barrow Toronto LLP 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. Collins Barrow Toronto LLP was first appointed auditor of the Company in August, 2014.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RE-APPOINTMENT OF COLLINS BARROW TORONTO 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, during the fiscal years ended September 30, 2015 and 2014, respectively:

<b>Fiscal Year</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>Other Fees</b>
2015	\$65,000	nil	nil	\$2,600
2014	\$85,000	nil	nil	\$3,994

## **APPROVAL OF ADVANCE NOTICE BY-LAW**

On February 22, 2016, the Board passed a resolution adopting and creating By-law No. 5, a copy of which is attached to this Circular as Schedule “C” (the “**Advance Notice By-law**”). In accordance with the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Advance Notice By-law is subject to confirmation by the Shareholders of the Company at the Meeting.

It is proposed that shareholders approve any ordinary resolution (the “**Advance Notice Resolution**”) adopting the Advance Notice By-law. The Advance Notice By-law is intended to establish a framework for advance notice of nominations of directors by the shareholders in the Company.

In particular, the Advance Notice By-law sets forth a procedure requiring advance notice to the Company by any shareholder who intends to nominate any person for election as director of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the OBCA, or (ii) a shareholder proposal made pursuant to the provisions of the OBCA. Among other things, the Advance Notice By-law sets a deadline by which such shareholders must notify the Company in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and set forth the information that the shareholder must include in the notice for it to be valid.

Management believes the Advance Notice By-law provides a clear and transparent process for all shareholders to follow if they intend to nominate directors. In that regard, the Advance Notice By-law provides a reasonable time frame for shareholders to notify the Company of their intention to nominate directors and require shareholders to disclose information concerning the proposed nominees that is mandated by applicable securities laws. The Board will be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Company. The Advance Notice By-law is also intended to facilitate an orderly and efficient meeting process.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

In accordance with the OBCA, the Advance Notice By-law is in effect until it is confirmed, confirmed as amended, or rejected by Shareholders at the Meeting. If confirmed or confirmed as amended, the Advance Notice By-law will continue in effect in the form in which it is so confirmed. If Shareholders reject the confirmation of the Advanced Notice By-law at the Meeting, it will thereafter cease to have effect.

At the Meeting, shareholders will be asked to consider, and if thought advisable, to approve with or without amendment an ordinary resolution as set out below adopting the Advance Notice By-law. The Board recommends that you vote FOR the adoption of the Advance Notice By-law Resolution. The text of the Advance Notice Resolution to be submitted to shareholders at the Meeting is set out below:

**“BE IT RESOLVED AS A RESOLUTION OF SHAREHOLDERS:**

- 1. By-law No. 5, being an advance notice by-law for the nomination of directors by shareholders, in the form of the by-law attached to the Circular of the Company dated February 25, 2016 is hereby adopted and confirmed, without amendment;**
- 2. the board of directors of the Company may revoke this resolution before it is acted upon without further board approval; and**
- 3. any one director or officer of the Company be and is hereby authorized and directed to execute and deliver for and in the name of and on behalf of the Company all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as may be necessary to give effect to this resolution.”**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE ADVANCE NOTICE BY-LAW RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE VOTED AGAINST THE ADVANCE NOTICE BY-LAW RESOLUTION.**

## **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, 2015, 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, Compensation and Governance 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, Mr. Andrew Pollock, Mr. Vaughn Embro-Pantalony and Mr. William Gastle. Mr. Renner, Mr. Andrew Pollock 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.

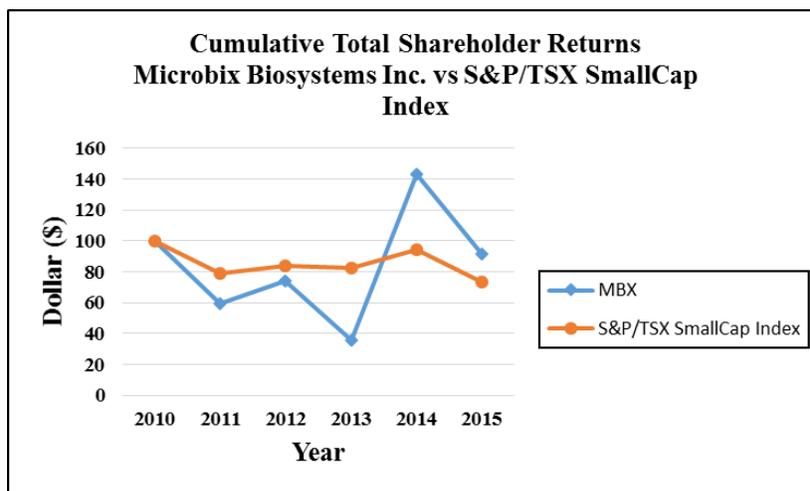
The level of base salary for each employee is determined by the level of responsibility and relative importance of the position in the Company, together with comparative industrial norms. Options are granted to employees as incentive to preserve and maximize shareholder value in the longer term, as a 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, 2010 to September 30, 2015, with the cumulative total return of the S&P/TSX Small Cap Index for the same period. <sup>(1)</sup>



	2010	2011	2012	2013	2014	2015
<b>MBX</b>	\$100	59.52	73.81	35.71	142.86	91.67
<b>S&amp;P/TSX Small Cap Index</b>	\$100	78.95	83.83	82.26	94.07	73.61

Notes:

(1) Assumes \$100 invested in the Company's common shares on September 30, 2009 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, 2015, 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 <sup>(1)</sup> Payout (\$)	Total Compensation (\$)
Vaughn Embro-Pantalony President & CEO <sup>(3)</sup>	2015	217,000	--	4,050	--	67,125	--	288,175
	2014	217,000	--	--	--	210,000	--	427,000
	2013	212,375	--	--	--	--	--	212,375
William J. Gastle, Executive Chairman	2015	190,000	--	7,784	--	7,500	--	205,284
	2014	190,917	--	8,400 <sup>(2)</sup>	--	99,300	--	199,317
	2013	197,319	--	8,077 <sup>(2)</sup>	--	--	--	205,396
Charles S. Wallace Chief Financial Officer	2015	177,600	--	4,711	--	-	--	182,311
	2014	190,808	--	--	--	--	--	190,808
	2013	14,113	--	--	--	--	--	14,113
Phillip Casselli, Senior Vice-President, Sales & Business Dev.	2015	174,000	12,601	5,538	--	12,000	--	204,139
	2014	174,837	--	6,000 <sup>(2)</sup>	--	66,000	--	180,837
	2013	177,469	--	6,000 <sup>(2)</sup>	--	--	--	183,469
Kevin Cassidy, Vice President, Biopharmaceuticals	2015	150,000	10,863	-	--	12,000	-	172,863
	2014	150,721	--	--	--	50,700	--	150,721
	2013	152,990	--	--	--	--	--	152,990

*Notes:*

(1) Long-term incentive plans.

(2) Automobile allowance.

(3) Vaughn Embro-Pantalony was appointed President of the Company November 16, 2012 and is remunerated through a services contract.

(4) 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, 2015

NEO Name	Option-based Awards				Share-based Awards <sup>(1)</sup>	
	Number of securities underlying unexercised options <sup>(2)</sup>	Option exercise price <sup>(3)</sup>	Option expiration date	Value of unexercised in-the-money options <sup>(4)</sup>	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	125,000	\$0.29	22-Feb-17	13,125	-	-
	400,000	\$0.26	19-Dec-17	54,000	-	-
	400,000	\$0.54	16-Oct-20	-	-	-
William J. Gastle	260,000	\$0.36	14-Jun-16	7,500	-	-
	300,000	\$0.54	16-Oct-20	-	-	-
Philip Casselli	100,000	\$0.36	14-Jun-16	3,000	-	-
	100,000	\$0.30	28-Jun-17	9,000	-	-
	75,000	\$0.54	16-Oct-20	-	-	-
Kevin Cassidy	100,000	\$0.36	14-Jun-16	3,000	-	-
	100,000	\$0.30	28-Jun-17	9,000	-	-
	75,000	\$0.54	16-Oct-20	-	-	-
Charles Wallace	250,000	\$0.54	16-Oct-20	-	-	-

*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 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 Company's Common Shares on the TSX on September 30, 2015 of \$0.39 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.*

## PENSION PLAN BENEFITS

The Company 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 pays each non-executive director a fee of \$1,000 per meeting.

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 "*Summary of 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, 2015, 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.

### Director Option-based Awards

Outstanding option-based awards and share-based awards as at September 30, 2015

Name	Option-based Awards				Share-based Awards <sup>(1)</sup>	
	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 (\$)
Peter M. Blecher	110,000	\$ 0.54	16-Oct-20	-	-	-
Mark A. Cochran	100,000	\$ 0.54	16-Oct-20	-	-	-
Martin Marino	250,000	\$ 0.54	16-Oct-20	-	-	-
Andrew Pollock	200,000	\$ 0.54	16-Oct-20	-	-	-
Joseph D. Renner	265,000	\$ 0.54	16-Oct-20	-	-	-
Cameron Groome	200,000 150,000	\$ 0.30 \$ 0.54	23-Mar-17 16-Oct-20	18,000 -	- -	- -

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 \$41,712. The directors' and officers' liability is \$10,000,000.

### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out information as of September 30, 2015, 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.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options warrants and rights <sup>(1)</sup></b> <b>(a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights <sup>(1)</sup></b> <b>(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) <sup>(1)</sup></b> <b>(c)</b>
Equity compensation plans approved by security holders	4,872,000	\$0.45	1,638,500
Equity compensation plans not approved by security holders	None	N/A	N/A
<b>Total</b>	<b>4,872,000</b>	<b>\$0.45</b>	<b>1,638,500</b>

#### **Summary of Stock Option Plan**

On January 26, 1995, the shareholders approved a stock option plan, which was subsequently amended, most recently on March 5, 2013 and January 16, 2015 (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 14.17% of the number of issued and outstanding shares of the Company. Of this fixed maximum, 5,489,500 options have been exercised, representing approximately 6.5% 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 4,872,000 options currently granted and outstanding as of the date hereof under the Plan, which represents approximately 5.7% of the issued and outstanding shares of the Company as of the date hereof. As of the date hereof, 1,638,500 options, representing approximately 1.9% 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 have been granted under the Plan which 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 issuable, at any time, under the Plan and under any other employee stock option plans or other share compensation arrangements of the Company to insiders (as defined in the TSX Company Manual) of the Company, and of any affiliate or subsidiary of the Company, shall not exceed 10% of the Company’s total issued and outstanding securities. The Plan further provides the number of common shares which may be issued within a one-year period pursuant to the Plan and under any other employee stock option plans or other share compensation arrangements of the Company to insiders of the Company, and of any affiliate or subsidiary of the Company, shall not exceed 10% of the outstanding issue; and 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 loss 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 (other than non-executive directors) 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. Non-executive directors may exercise vested options following resignation.

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 (10<sup>th</sup>) 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 two (2) formal committees: the Audit Committee; and the Human Resources Compensation 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, 2015, 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 Executive Chairman and the 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 Executive Chairman and the Chief Executive Officer who report to and accept 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. Six 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 position as Executive Chairman of the Company and Mr. Embro-Pantalony by virtue of his position as 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 not adopted a written policy relating to the identification and nomination of women directors. Potential nominees for the Board are evaluated on the basis of experience, skill and ability and determining if the candidates' qualifications will meaningfully contribute to the effective functioning of the Board taking into consideration current Board composition and the skills and knowledge required to make the Board most effective.

The Board has not adopted a written policy relating to the identification and nomination of directors, including women directors. The Board believes that having written policies governing the selection of Board nominees could unduly restrict the Board's ability to select the most capable nominees that are free from conflicts of interest or other considerations that may impede the ability of a candidate to serve as a director of the Company.

The Board is an equal opportunity employer and does not consider the level of representation of women in executive officer positions when making executive officer appointments. The Company's policies are committed to treating people fairly, with respect and dignity, and to offer employment opportunities based upon an individual's qualifications, character and performance, not the particular gender or social group that an individual may belong to.

The Board and management of the Company consist of a diverse set of individuals with a broad range of skill sets. At this time it does not have any female members and the Board has not adopted a specific target regarding women on the Board or in executive positions as candidates are selected based on the primary considerations of experience, skill and ability. The Company is an equal opportunity employer and candidates are thereby selected based on the primary considerations of experience, skill and ability. As such, the Company has not adopted a specific target regarding women on the Board or in executive positions.

As at the date hereof, no members of the Board are women and there is one woman executive officer of the Company, representing 14% of the 7 executive offices of the Company.

The Board has considered the compensation of directors in light of risks and responsibilities. Non-Executive Directors are granted stock options, as well they receive cash remuneration. See "Compensation of Directors" above.

The Audit Committee is composed of Mr. Martin Marino as Chairman and Directors Vaughn Embro-Pantalony, William Gastle, Cameron Groome and Andrew Pollock. Messrs. Marino, Groome 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 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 Human Resources Compensation Committee is composed of Messrs. Renner, Marino, Pollock, Embro-Pantalony 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.

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](http://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, 3<sup>rd</sup> 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, 2015.

### **GENERAL**

Except where otherwise indicated, information contained herein is given as of February 25, 2016.

**DATED** this 25<sup>th</sup> day of February, 2016

By Order of the Board of Directors of

**Microbix Biosystems Inc.**



By:

\_\_\_\_\_  
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 employees 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**

Six of the eight members of the Board are independent directors. These independent directors are Dr. Peter Blecher, Dr. Mark Cochran, 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. Vaughn Embro-Pantalony is not independent as 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 to other officers in all matters concerning the interests of the Board and relationships between management and the Board.

In fiscal 2015, the full Board met 5 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				
	Feb 10, 2015	May 12, 2015	June 18, 2015	Aug 11, 2015	Jan 14, 2016
Andrew Pollock	x	x	x	x	x
Joe Renner	x	x	x	x	x
Mark Cochran	x	x	x	x	x
Peter Blecher	x	x	x	x	x
Vaughn Embro-Pantalony	x	x	x	x	x
William Gastle	x	x	x	x	x
Martin Marino	x	x	x	x	x
Cameron Groome	x	x	x	x	x

During the fiscal year ended September 30, 2015, the Audit Committee met 4; the Human Resources, Compensation and Governance Committee met 2 times.

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 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 has appointed a Chair. The role and responsibilities of the Chairman is to oversee 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](http://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 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.

## Schedule “C”

### ADVANCE NOTICE BY-LAW

#### BY-LAW NO. 5

A by-law relating to requirements for advance notice of nominations for election as directors of

### **MICROBIX BIOSYSTEMS INC.**

(herein called the “**Company**”)

#### **NOMINATIONS OF DIRECTORS**

1. Nomination procedures - Subject only to the provisions of the *Business Corporations Act* (Ontario) (the “**Act**”) and Articles of the Company, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors of the Company (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the Board, including pursuant to a notice of meeting, or management information circular;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with s. 99 of the Act, or a requisition of the shareholders made in accordance with section s. 105 of the Act; or
  - (c) by any person (a “**Nominating Shareholder**”): (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this by-law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this by-law.
2. Timely notice - In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely in accordance with section 3 below and in proper written form in accordance with section 4 below to the Secretary of the Company at the principal executive offices of the Company.
3. Manner of timely notice - To be timely, a Nominating Shareholder’s notice to the Secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual

meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

4. Proper form of timely notice - To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the citizenship of such person; (D) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- 5. Eligibility for nomination as a director - No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this by-law; provided, however, that nothing in this by-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman.
- 6. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

7. Terms - For purposes of this by-law:

- (a) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

8. Delivery of notice - Notwithstanding any other provision of this by-law, notice given to the Secretary of the Company pursuant to this by-law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

9. Board discretion - Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this by-law.

#### **EFFECTIVE DATE**

10. This by-law is effective from the date of the resolution of the directors of the Company making this by-law until confirmed, confirmed as amended or rejected by the shareholders of the Company. Upon confirmation by the shareholders, the President and Secretary of the Company be and are authorized and directed to sign and certify this by-law to signify and evidence its proper making and confirmation.

MADE by resolution of the directors of the Company as of the 22<sup>nd</sup> day of February, 2016.

CONFIRMED by the shareholders of the Company as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary



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