



**ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD ON WEDNESDAY, SEPTEMBER 30, 2015**

**NOTICE OF MEETING  
AND MANAGEMENT INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF RESVERLOGIX CORP. OF PROXIES TO BE VOTED AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF RESVERLOGIX CORP. TO BE HELD ON WEDNESDAY, SEPTEMBER 30, 2015.*

**TO BE HELD AT:  
Calgary TELUS Convention Centre  
The Glen Room 206  
120 – 9<sup>th</sup> Avenue SE  
Calgary, Alberta**

**At 9:00 a.m. (Calgary Time)**

Dated: August 17, 2015



**RESVERLOGIX CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING TO BE HELD ON SEPTEMBER 30, 2015**

To: The holders of common shares (the “**Common Shares**”):

TAKE NOTICE that an Annual and Special Meeting (the “**Meeting**”) of the shareholders of Resverlogix Corp. (the “**Corporation**”) will be held on Wednesday, September 30, 2015 at 9:00 a.m. (Calgary time), at the Calgary TELUS Convention Centre, The Glen Room 206, 120 – 9<sup>th</sup> Avenue SE, Calgary, Alberta for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended April 30, 2015 and the report of the auditors thereon;
2. to set the number of directors to be elected at the Meeting at five (5);
3. to elect directors for the ensuing year as described in the Management Information Circular accompanying this Notice;
4. to appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider, and if thought fit, approve, with or without modification, an ordinary resolution approving the unallocated options, rights and other entitlements available under the Corporation’s Stock Option Plan and Long-Term Incentive Plan, as more particularly set forth in the Management Information Circular; and
6. to transact such other business that may properly come before the Meeting or adjournments thereof.

The board of directors has fixed the close of business on August 17, 2015 as the record date for determining holders of Common Shares who are entitled to notice of and to attend and vote at the Meeting.

Holders of Common Shares who are unable to be present at the Meeting are requested to date, execute and return the accompanying form of proxy to the Corporation’s registrar and transfer agent, Valiant Trust Company, pursuant to the instructions noted therein, prior to 9:00 a.m., Calgary time, on September 28, 2015, or at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays, preceding any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Your participation as a shareholder is very important to the Corporation. Please ensure your Common Shares are represented at the Meeting.

DATED at Calgary, Alberta, this 17<sup>th</sup> day of August, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Donald J. McCaffrey*”

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Donald J. McCaffrey  
President, CEO and Secretary



## RESVERLOGIX CORP.

### MANAGEMENT INFORMATION CIRCULAR

For the Annual and Special Meeting of Shareholders  
to be held on Wednesday, September 30, 2015

### PROXIES

#### Solicitation of Proxies

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Resverlogix Corp.** (the "**Corporation**") for use at the Annual and Special Meeting of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of the Corporation to be held on Wednesday, September 30, 2015, at the Calgary TELUS Convention Centre, The Glen Room 206, 120 – 9<sup>th</sup> Avenue SE, Calgary, Alberta at 9:00 a.m. (Calgary time) and at any adjournment thereof (the "**Meeting**"), for the purposes set forth in the accompanying Notice of Meeting. Only Shareholders of record at the close of business on August 17, 2015 (the "**Record Date**") are entitled to notice of, and to attend and vote at, the Meeting, unless a Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder establishes ownership to the Common Shares and demands, not later than 10 days before the Meeting, that the transferee's name be included on the list of Shareholders.

#### Notice to Beneficial Holders of Common Shares

**The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of the Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common 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). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable "voting instruction form" in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that

voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.

Beneficial Shareholders who wish to appear in person and vote at the Meeting must appoint themselves as proxy by inserting their name in the blank space on the Form of Proxy or voting instruction form provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

Management of the Corporation does not intend to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* the Meeting materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary, and in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the Meeting materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

### **Notice-And-Access**

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting in respect of the mailing of the Meeting materials, to the Beneficial Shareholders, but not in respect of the registered Shareholders. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials required to be physically mailed to shareholders by allowing a reporting issuer to post its proxy-related meeting materials online.

The Corporation has also elected to use stratification procedures in relation to the use of the notice-and-access provisions. Stratification occurs when a reporting issuer using the notice-and-access provisions provides a paper copy of the management information circular and notice of meeting and, if applicable, a paper copy of the annual financial statements and related management's discussion and analysis, to some but not all of its shareholders. In relation to the Meeting, the Corporation's registered Shareholders will receive a paper copy of the Notice of Meeting, the Management Information Circular, a form of proxy and the annual financial statements and related management's discussion and analysis. All Beneficial Shareholders will receive a notice-and-access notification and a proxy or voting instruction form and only those Beneficial Shareholders who responded to the supplemental mail card pursuant to National Instrument 51-102 will receive a copy of the annual financial statements and related management's discussion and analysis.

### **Appointment and Revocation of Proxies**

Shareholders that cannot attend the Meeting in person are requested to complete, sign, date and return the accompanying form of proxy ("**Form of Proxy**") in the envelope provided. The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. In order to be effective, the proxy must be deposited at the office of the Corporation's transfer agent, Valiant Trust Company, 310, 606 – 4<sup>th</sup> Street SW, Calgary, Alberta, Canada, T2P 1T1, or by fax at 403-233-2857, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting.

**The persons named in the Form of Proxy are officers of the Corporation. A person or corporation submitting the form of proxy has the right to appoint a person (who does not have to be a Shareholder) to be their representative at the Meeting, other than the persons designated in the Form of Proxy furnished by the Corporation. Such appointment may be exercised by inserting the name of the appointed representative in the blank space provided for that purpose. A Shareholder**

should notify the nominee of his or her appointment, obtain his or her consent to act as proxy and should instruct him or her as to how the Shareholder's Common Shares are to be voted.

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the Corporation's registered office at 600, 815 - 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 3P2, at any time prior to 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, and upon either of such deposits, the proxy is revoked.

### **Voting by Internet**

The Corporation's Shareholders may also use the internet site at <https://proxy.valianttrust.com> to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site. Shareholders will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on September 28, 2015 or 48 hours prior to the time of any adjournment of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

### **Persons Making the Solicitation**

**This solicitation is made on behalf of management of the Corporation.** The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Meeting and this Management Information Circular and the solicitation of proxies will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, or by other means of communication or by the directors, officers and employees of the Corporation, who will not be remunerated therefor.

### **Exercise of Discretion by Proxies**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting on any poll at the Meeting and where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted in accordance with the specification so made.

**In the absence of such specification, such Common Shares will be voted IN FAVOUR of the matters to be acted upon as set out herein. The persons appointed under the Form of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Form of Proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting or any other matters are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter. At the time of printing this Management Information Circular, the management of the Corporation knows of no such amendment, variation or other matter.**

## Quorum

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of shareholders of the Corporation if at least two persons are present in person or by proxy representing not less than five percent (5%) of the outstanding shares of the Corporation entitled to be voted at the meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Preferred Shares and 75,202,620 Royalty Preferred Shares. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is August 17, 2015, the Corporation has 105,078,083 Common Shares issued and outstanding, nil Preferred Shares issued and outstanding and 75,202,620 Royalty Preferred Shares issued and outstanding.

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

Except as set forth below, to the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

<b>Beneficial Owner</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Outstanding Common Shares</b>
Eastern Capital Limited Cayman Islands	20,565,307	19.6%
Shenzhen Hepalink Pharmaceutical Co., Ltd. China	13,270,000	12.6%

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Presentation of Financial Statements

The consolidated financial statements of the Corporation for the year ended April 30, 2015, together with the auditors' report on those financial statements, have been mailed to the registered Shareholders of the Corporation and those Beneficial Shareholders who responded to the Corporation's supplemental mail list card. These financial statements are also available on the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### 2. Fixing the Number of Directors and Election of Directors

The Articles of the Corporation provide that the minimum number of directors shall be three and the maximum number shall be 12. There are currently five (5) directors. At the Meeting, Shareholders will be asked to set the board of directors of the Corporation (the “**Board**”) at five (5) and to elect five (5)



directors to serve until the next annual general meeting, or until their respective successors have been elected or appointed. **Unless otherwise directed, the Common Shares of the Corporation represented by proxy in favour of management designees will be voted FOR the election of nominees herein listed.**

*Majority Voting*

On the recommendation of the Corporation's Corporate Governance and Nominating Committee, the Board has adopted an individual voting standard for the election of directors. Under such individual voting standard, in the event that any nominee for election receives more "withheld" votes than "for" votes at any meeting at which shareholders vote on the uncontested election of directors, such nominee shall immediately tender his or her resignation to the Board, to be effective on acceptance by the Board. A nominee who tenders a resignation shall not participate in a meeting of the board or any sub-committee of the board at which the resignation is considered. The Board shall consider the resignation and disclose by press release its decision whether to accept that resignation and the reason for its decision no later than 90 days after the date of the resignation, and the board of directors may fill any vacancy created thereby. The Board shall accept the resignation absent exceptional circumstances.

*Nominees for Election*

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy to vote the Common Shares represented by proxy for the election of any other person or persons as directors unless the Shareholder has directed that the Common Shares be withheld from voting on the election of directors.

The directors of the Corporation are nominated by Shareholders of the Corporation at each annual meeting of shareholders. All directors serve until the next annual meeting or until a successor is elected or appointed, unless his position is earlier vacated. The Board currently consists of five (5) directors, all of whom are standing for re-election. The name, residence, date of appointment, principal occupation, and number of Common Shares beneficially owned or over which control or direction is exercised directly or indirectly, with respect to each of the five (5) nominees as directors of the Corporation is set forth below.

<b>Name and Residence</b>	<b>Director Since</b>	<b>Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled or Directed as at Effective Date<sup>(1)</sup></b>
<b>Donald J. McCaffrey</b> Alberta, Canada	April 25, 2003	President, CEO, Director and Secretary of the Corporation. Chairman of Zenith Epigenetics Corp., a biotechnology company that is a reporting issuer under securities legislation.	4,512,881
<b>Dr. Peter Johann</b> <sup>(3)(4)</sup> Heidelberg, Germany	April 15, 2009	Managing General Partner of NGN Capital LLC, a venture capital firm dedicated to health care investing. Lead Director of Zenith Epigenetics Corp.	8,025,108 <sup>(5)</sup>
<b>Kelly McNeill</b> <sup>(2)(3)(4)</sup> Manitoba, Canada	October 15, 2009	CFO of RTDS Technologies Inc., a company that provides real time digital power system simulation. Director of Zenith Epigenetics Corp.	10,000

<b>Name and Residence</b>	<b>Director Since</b>	<b>Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled or Directed as at Effective Date<sup>(1)</sup></b>
<b>Dr. Eldon R. Smith</b> <sup>(2)(3)(4)</sup> Alberta, Canada	December 6, 2010	President and CEO, Eldon R. Smith & Associates Ltd., a private healthcare consulting company. Chairman of Aston Hill Financial Inc., a financial management company; Director of Intellipharmaceuticals International Inc., a biotech/pharmaceuticals company; and Director of Zenith Epigenetics Corp. Emeritus Professor of Medicine and Former Dean, Faculty of Medicine, University of Calgary.	6,000
<b>Kenneth Zuerblis</b> <sup>(2)</sup> Florida, U.S.A.	September 29, 2010	Certified Public Accountant. Director of Stemline Therapeutics, Inc., a clinical stage biopharmaceutical company; and Zenith Epigenetics Corp.	42,062

**Notes:**

- (1) Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, as at the Effective Date, is based upon the information furnished to the Corporation by the above individuals.
- (2) Directors who are currently members of the Corporation's Audit and Finance Committee. Mr. Zuerblis is the Chair.
- (3) Directors who are currently members of the Corporation's Corporate Governance and Nominating Committee. Dr. Smith is the Chair.
- (4) Directors who are currently members of the Corporation's Compensation and HR Committee. Mr. McNeill is the Chair.
- (5) Includes 8,000,108 Common Shares registered in the name of NGN BioMed Opportunity II LP, which are under the control or direction of Dr. Johann as Managing General Partner of NGN Capital LLC, the general partner of such Fund.

***Cease Trade Orders or Bankruptcies and Sanctions***

No proposed director is as at the date hereof, or has been within ten years before the date hereof, a director or chief executive officer or chief financial officer of any company (including the Corporation) that, while he was acting in such capacity: (i) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

In addition, except as set forth below, no proposed director is as at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets. No proposed director has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. McNeill was the Chief Financial Officer of IMRIS Inc. ("IMRIS") from 2009 until his resignation on September 5, 2014. IMRIS is a biomedical company that is a reporting issuer in all provinces of Canada and at the time of Mr. McNeill's resignation was listed on TSX and NASDAQ. On May 26, 2015, IMRIS and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware which granted a stay of proceedings against IMRIS. On June 3, 2015, the Manitoba Court of Queen's Bench granted an initial recognition order under the Companies' Creditors Arrangement Act (Canada) recognizing the Chapter 11 proceedings and granting a stay of proceedings against IMRIS.

### 3. **Appointment of Auditors**

KPMG LLP are the current auditors of the Corporation. At the Meeting, Shareholders will be requested to re-appoint KPMG LLP, Chartered Accountants, as the independent auditors of the Corporation to hold office until the next annual general meeting of the Shareholders and to authorize the Board to fix the auditors' remuneration.

**Unless otherwise directed, the Common Shares represented by proxies in favour of the management designees will be voted FOR the appointment of KPMG LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such.**

### 4. **Approval of the Unallocated Options, Rights and Other Entitlements Available Under the Corporation's Security Based Compensation Plans**

Pursuant to Section 613 of the TSX Company Manual, all unallocated options, rights or other entitlements under a security based compensation arrangement, which does not have a fixed maximum aggregate of securities issuable, must be approved and ratified by a majority of the Corporation's Shareholders at least every three years. The Corporation has a stock option plan (the "Option Plan") and a long term incentive plan (the "LTIP") which were last ratified by Shareholders on October 16, 2012. The aggregate number of Common Shares that may be issued from treasury pursuant to the Option Plan and LTIP is limited to 10% of the issued and outstanding Common Shares of the Corporation, rather than a fixed number. As the three-year term prescribed by the TSX expires on October 16, 2015, at the Meeting Shareholders will be asked to approve an ordinary resolution approving the unallocated options, rights and other entitlements available under the Option Plan and LTIP. This approval will be effective for three years from the date of the meeting. The terms and conditions of the Option Plan and LTIP are summarized below.

#### **Option Plan**

##### Purpose and Eligibility

The purpose of the Corporation's Option Plan is to afford individuals who provide services to the Corporation or any of its subsidiaries or affiliates, including directors, officers, employees, or service providers, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares of the Corporation and to aid in attracting, as well as retaining and encouraging the continued involvement of, such individuals with the Corporation.

Under the Option Plan the Board may, from time to time, grant options to purchase Common Shares to directors, officers, employees, consultants and other eligible service providers of the Corporation and its subsidiaries and affiliates, if any. The Option Plan is a "10% rolling plan" in that it continuously provides for the reservation of a number of Common Shares under the Option Plan, including other securities based compensation arrangements, equal to 10% of the Corporation's issued and outstanding Common Shares on an undiluted basis. Thus, the maximum number of Common Shares that may be reserved under the Option Plan and other securities based compensation plans will, from time to time, vary proportionately to the issued and outstanding share capital of the Corporation. Further, the Option Plan is a "reloading plan", meaning that when options under the Option Plan expire, are cancelled or are exercised, the number of Common Shares reserved for issuance under such expired, cancelled or exercised options automatically become eligible to be reallocated pursuant to new stock options under the Option Plan.

##### Restrictions under the Option Plan

Restrictions on the participation of insiders are included in the Option Plan, such that the aggregate number of Common Shares issuable under the Option Plan, combined with all Common Shares issuable under all other security based compensation arrangements, to insiders cannot exceed 10% of the issued and outstanding Common Shares at any time; and the number of Common Shares issued to insiders in

aggregate, within any one-year period under the Option Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares. The number of Common Shares issuable under stock options granted to any eligible individual, within any one year period, under the Option Plan and any other securities based compensation arrangement, cannot exceed 5% of the issued and outstanding Common Shares of the Corporation, with the exception of a consultant, who may not receive options exercisable into a number of Common Shares in excess of 2% of the issued and outstanding Common Shares at the time of grant.

### Terms

The exercise price of the Common Shares subject to each option shall be determined by the Board at the time the option is granted. In no event shall such exercise price be lower than the 5 day volume weighted average trading price of the Common Shares on the TSX.

Subject to earlier termination as described below, each option and all rights thereunder granted pursuant to the Option Plan shall expire on the date determined by the Board, provided that the duration of an option shall not exceed 10 years. The Option Plan also incorporates a provision such that where the option would otherwise expire during, or within 10 business days following the last day of, a trading black out period implemented by the Corporation, the expiry date for such option will then become the 10<sup>th</sup> business day following such black-out period.

The Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restrictions shall exist.

Vested options may be exercised no later than 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Corporation, provided that if the cessation of office, directorship, employment or consulting arrangement is by reason of death, vested options may be exercised by the personal representatives of the deceased within a maximum period of one year following such death, subject to the expiry date of such option. Notwithstanding the foregoing, the Board may in its discretion permit the exercise of options in such manner and on such terms as may be authorized by the Board, provided that an option may not be exercised after its expiry date.

Options may be transferred to certain permitted assigns of the optionee, including the optionee's spouse, an administrator acting on behalf or for the benefit of the optionee or his/her spouse, a holding entity of the optionee or his/her spouse and a RRSP or RRIF of the optionee or his/her spouse.

### Amendments

Terms of the Option Plan may be amended by the Board without approval of Shareholders as follows:

- (a) The Board may, at any time and from time to time, suspend or terminate the Option Plan or amend any of its provisions, provided that no such suspension, termination or amendment may be made without:
  - (i) obtaining any required approval of any regulatory authority or stock exchange; and
  - (ii) obtaining the consent or deemed consent of the relevant optionholder in the event that such amendment materially prejudices the rights of any optionholder under any option previously granted to the optionholder.
- (b) Without limiting the generality of paragraph (a) above, the Board may, without approval of Shareholders, make amendments to the Option Plan for any of the following purposes:
  - (i) changing the eligibility for and limitations on participation in the Option Plan;

- (ii) changing the terms on which options may be granted and exercised including, without limitation, the provisions relating to exercise price, vesting, expiry, assignment and the adjustments to be made pursuant to certain events, as further described in the Option Plan;
- (iii) making any addition to or deletion or alteration of the provisions of the Option Plan that are necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange or that are reasonably necessary to allow optionholders to receive fair and favourable tax treatment under relevant tax legislation;
- (iv) correcting or rectifying any ambiguity, defective provision, error or omission in the Option Plan; and
- (v) changing the provisions relating to the administration of the Option Plan; provided that if any such amendment would lead to a significant or unreasonable dilution of the outstanding Common Shares or provide additional material benefits to insiders, approval of the holders of the outstanding Common Shares must be obtained.

The Board's discretion and authority to amend the Option Plan is wide in scope and the foregoing paragraph (i)-(v) are merely non-exhaustive examples of situations in which the Board may amend the Option Plan.

- (c) Under the Option Plan, the Board may, at any time and from time to time, without the approval of Shareholders, amend any term of any outstanding option (including, without limitation, the exercise price, vesting and expiry date of the option), provided that:
  - (i) any required approval of any regulatory authority or stock exchange is obtained;
  - (ii) the Board would have had the authority to initially grant the option under the terms as so amended; and
  - (iii) the consent or deemed consent of the optionholder is obtained if the amendment would materially prejudice the rights of the optionholder under the option.

Notwithstanding the foregoing, approval of Shareholders must be obtained for an amendment to the Option Plan that would increase the maximum number of Common Shares issuable under the Option Plan, and disinterested Shareholder approval must be obtained for an amendment to any stock option agreement that would reduce the exercise price or extend the expiry date of options granted to an insider.

### **Long-Term Incentive Plan ("LTIP")**

#### Purpose and Eligibility

The purpose of the LTIP is to assist the Corporation in attracting, retaining and motivating key employees, directors, officers and consultants of the Corporation and its subsidiaries and to more closely align the personal interests of such persons with Shareholders, thereby advancing the interests of the Corporation and its Shareholders and increasing the long-term value of the Corporation. The LTIP is available to: (i) current full-time or part-time employees or officers of the Corporation or an affiliate ("**Employee Participants**"); (ii) directors who are not officers or employees of the Corporation or an affiliate ("**Director Participants**"); and (iii) an individual or consultant company providing services to the Corporation or an affiliate under written agreement ("**Consultant Participant**"). For the purposes of the LTIP and this Information Circular, a "**Participant**" shall mean an Employee Participant, Director Participant or a Consultant Participant.

### Administration

The LTIP is administered by the Board or, upon delegation by the Board, by a committee of the Board (the "**Committee**"). The Board has delegated the administration of the LTIP to the Corporation's Compensation and HR Committee.

The Committee determines the Participants to whom awards are to be made, determines the type, size, terms and conditions of awards, determines the prices (if any) to be paid for awards, interprets the LTIP, adopts, amends and rescinds administrative guidelines and other rules and regulations relating to the LTIP, and makes all other determinations and takes all other actions it believes are necessary or advisable for the implementation and administration of the LTIP. The day-to-day administration of the LTIP may be delegated to a trustee appointed to administer the LTIP or to such officers and employees of the Corporation as the Committee determines.

### Restricted Share Units

The LTIP provides that the Committee may, from time to time and in its sole discretion, grant awards of restricted share units ("**RSUs**") to any Participant. RSUs are not Common Shares, but rather represent a right to receive at a future date Common Shares of the Corporation. All grants of RSUs are evidenced by an award agreement. The award agreement contains such provisions as are required by the LTIP and any other provisions the Committee may direct.

The Committee has the authority to make receipt of Common Shares under the RSUs conditional upon the expiry of a time-based vesting period, the attainment of specified performance goals or such other factors as the Committee may determine in its discretion. The duration of the vesting period and other vesting terms applicable to a grant of RSUs shall be determined at the time of the grant by the Committee provided that such vesting period shall be a minimum of one year and a maximum of three years in duration.

Upon expiry of the applicable vesting period or at such later date as may be otherwise specified in the award agreement, the RSUs shall be redeemed and a share certificate representing the Common Shares deliverable pursuant to the RSUs shall be registered in the name of the Participant or as the Participant may direct, subject to applicable securities laws.

Actual issuance of Common Shares underlying the RSUs shall occur as soon as practicable following the applicable vesting date(s) specified in the award agreement and the Participant's satisfaction of any required tax withholding obligations, but in no event later than: (i) 60 days following the vesting date for a Participant resident in the United States; or (ii) the earlier of: (a) 60 days following the applicable vesting date; and (b) December 15 of the third calendar year following the year of service for which the RSU was granted for a Participant resident in Canada.

RSU Awards shall be settled in Common Shares, unless the Corporation offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its discretion, so elects. In this case, the cash value of the Common Shares would be determined based on the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the applicable vesting date.

Except as otherwise determined by the Committee, upon a Termination Date (as defined in the LTIP) during the applicable vesting period, all applicable RSUs at such time not yet vested shall be forfeited and reacquired by the Corporation.

### Restricted Stock

The Committee may, from time to time, grant Participants resident in the United States, subject to the terms and conditions of the LTIP and any additional terms and conditions determined by the Committee, awards of Common Shares of the Corporation subject to certain restrictions imposed by the Committee



("Restricted Stock" and together with RSUs, an "Award"). All grants of Restricted Stock are evidenced by an award agreement. The award agreement contains such provisions as are required by the LTIP and any other provisions the Committee may direct.

The Committee has the authority to make the lapse of restrictions applicable to Restricted Stock conditional upon the expiry of a time-based vesting period, the attainment of specified performance goals or such other factors as the Committee may determine in its discretion. The duration of the vesting period and other vesting terms applicable to a grant of Restricted Stock shall be determined at the time of the grant by the Committee provided that such vesting period shall be a minimum of one year in duration.

Common Shares of Restricted Stock shall be subject to such restrictions as the Committee may impose (including, without limitation, forfeiture conditions, transfer restrictions or a restriction on, or prohibition against, the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Committee may deem appropriate.

A trustee appointed by the Corporation shall hold share certificates registered in the name of each Participant granted Restricted Stock under the LTIP. The share certificates shall bear a legend referring to the award agreement and the possible forfeiture of such shares of Restricted Stock.

Except as otherwise determined by the Committee, upon a Termination Date during the applicable vesting period, all applicable Common Shares of Restricted Stock at such time not yet vested shall be forfeited and reacquired by the Corporation.

#### Number of Shares Reserved for Issuance under the LTIP

The Corporation may fulfill its obligations to deliver Common Shares under the LTIP by, at its option, either (i) issuing Common Shares from treasury to the Participant, or (ii) directing the Plan Trustee (which is an independent trust company selected by the Corporation to acquire Common Shares in the market at the direction of the Corporation for the purpose of the LTIP) to deliver Common Shares to the Participant.

The aggregate number of Common Shares of the Corporation which may be issued from treasury under the LTIP, together with shares reserved for issuance under all of the Corporation's other security-based compensation arrangements, which includes the Option Plan, shall not exceed 10% of the Corporation's issued and outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares that may be reserved under the LTIP will, from time to time, vary proportionately to the issued and outstanding share capital of the Corporation. Further, when Awards under the LTIP vest and are redeemed, expire or are forfeited, surrendered, cancelled or terminated, the number of Common Shares under such Awards automatically become available to be made the subject of new Awards under the LTIP. The LTIP is an unfunded plan and any obligations of the Corporation under the LTIP are unsecured.

#### Limitations on Issuance to Insiders and Director Participants

The total number of Common Shares issuable from treasury to insiders of the Corporation at any time and issued from treasury to insiders of the Corporation within any one-year period under the LTIP, together with any other security-based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares of the Corporation on a non-diluted basis.

#### Treatment on Termination

*Death, Disability and Retirement:* Except as otherwise determined by the Committee, where a Participant's employment or term of office or engagement with the Corporation or an affiliate terminates by reason of the Participant's death, disability or retirement then, unless otherwise determined by the Committee, any Awards that are not yet vested will be immediately forfeited to the Corporation at the Termination Date and such Participant shall cease to be eligible under the LTIP. In the case where a

Participant has died, any Awards held by the Participant that have vested as of the Termination Date will inure to the benefit of the Participant's heirs, executors and administrators.

*Voluntary Resignation:* Except as otherwise determined by the Committee, where a Participant's employment or term of office or engagement terminates by reason of a Participant's resignation, then any Awards held by the Participant that are not yet vested at the Termination Date are immediately forfeited to the Corporation on the Termination Date.

*Termination without Cause:* Except as otherwise determined by the Committee, where a Participant's employment or term of office or engagement terminates by reason of termination by the Corporation or an affiliate without cause (as determined by the Committee in its discretion) (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then any Awards held by the Participant that are not yet vested at the Termination Date are immediately forfeited to the Corporation on the Termination Date.

*Termination for Cause:* Except as otherwise determined by the Committee, where a Participant's employment or term of office or engagement is terminated by the Corporation or an affiliate for cause (as determined by the Committee in its discretion), or, in the case of a Consultant Participant, for breach of contract (as determined by the Committee in its discretion), then any Awards held by the Participant at the Termination Date (whether or not vested) are immediately forfeited to the Corporation on the Termination Date.

*Termination of Director for other than Death or Disability:* Except as otherwise determined by the Committee, where a Director Participant's term of office terminates for any reason other than death or disability of the Director Participant, the Committee or the Board may, in its discretion, at any time prior to or within 30 days following the Termination Date, provide for the vesting of any or all Awards held by a Director Participant on the Termination Date.

*Change of Employment Agreement:* Unless the Committee, in its discretion, otherwise determines, at any time and from time to time, Awards are not affected by a change of employment arrangement within or among the Corporation or an affiliate for so long as the individual continues to be an eligible Participant.

*Discretion to Accelerate Vesting:* The Committee may, in its discretion, at any time prior to or following the retirement, death, disability or termination of employment of a Participant, permit the acceleration of vesting of any or all Awards, all in the manner and on the terms authorized by the Committee, provided that the Committee's discretion to accelerate vesting where there has been a change of control is limited to only those circumstances described below.

#### Change in Control

Unless otherwise determined by the Committee or the Board at or after the date of grant, if a Participant ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries within 12 months following a Change in Control (as defined in the LTIP) for any reason other than for cause, voluntary resignation, retirement, death, or disability, each Award held by that Participant that is not fully vested on the date at which such person ceases to be a director, officer, employee or consultant shall become free of all restrictions, conditions and limitations and become fully vested.

#### Share Capital Adjustments

The Board shall have the discretion to authorize such steps to be taken as it may consider to be equitable and appropriate in the event of any Share Reorganization, Corporate Reorganization or Special Distribution (all as defined in the LTIP), including the acceleration of vesting in order to preserve proportionately the rights, value and obligations of the Participants holding Awards in the circumstances or the Board otherwise determines that it is appropriate.



## Amendments

Subject to the rules, regulations and policies of the TSX and applicable law, the Committee may, without notice or shareholder approval, at any time or from time to time, make amendments to the LTIP or a specific Award that it may deem necessary, including without limitation, amendments for the purposes of: (i) altering, extending or accelerating the terms of vesting applicable to any Award or group of Awards; (ii) making any amendments to the general vesting provisions of an Award; (iii) accelerating the expiry date of conditions applicable to an Award; (iv) making any amendments to the provisions of the LTIP that relate to termination, (v) making any amendment to provide covenants of the Corporation in order to protect Participants; (vi) making any amendments not inconsistent with the LTIP as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law; (vii) making any amendments for the purposes of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error in the LTIP; (viii) making any amendments to any definitions in the LTIP; (ix) effecting amendments respecting administration of the LTIP; and (x) making amendments of a “housekeeping” or ministerial nature.

Certain amendments under the LTIP may not be made without shareholder approval, and these include: (i) amendments to the LTIP that would increase the number of Common Shares issuable from treasury under the LTIP in general, or the number of Common Shares issuable from treasury to insiders under the LTIP, (ii) amendments to any amending provision in the LTIP; (iii) amendments to the LTIP to include a form of financial assistance to Participants; and (iv) amendments required to be approved by shareholders under applicable law.

In addition, certain amendments under the LTIP may not be made without disinterested shareholder approval, and these include but are not limited to: (i) amendments that could result at any time in the number of Common Shares reserved for issuance from treasury to an insider under the LTIP exceeding 10% of the Corporation’s issued and outstanding Common Shares; (ii) amendments resulting in any extension of the term of any award under the LTIP to an insider other than the extension of awards expiring during a black-out period or during a black-out expiration term; and (iii) amendments required to be approved by disinterested shareholders under applicable law.

## Performance Goals

Awards of RSUs and Restricted Stock under the LTIP may be made subject to the attainment of certain performance goals as may be set by the Committee at the time of grant.

## Non-Transferability of Awards

Unless the Committee otherwise determines, awards granted under the LTIP may only be redeemed during the lifetime of the Participant by such Participant personally, provided that any Awards held by a Participant that have vested at the Termination Date will enure to the benefit of the Participant’s heirs, executors and administrators. No assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee. Immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

## **Securities Outstanding under Equity Based Compensation Plans**

There are currently 105,078,083 issued and outstanding Common Shares in the capital of the Corporation. Therefore, currently a maximum of 10,507,808 Common Shares may be reserved and allocated under the Option Plan and other securities based compensation arrangements, including the Corporation’s LTIP. This number will increase if and as the issued and outstanding share capital of the Corporation increases. Under the Option Plan, there are currently outstanding stock options for 3,820,536 Common Shares and under the LTIP, there are currently outstanding RSUs and restricted stock for

690,997 Common Shares, for a total of 4,511,533 (4.3% of issued and outstanding), leaving room for 5,996,275 Common Shares (5.7% of issued and outstanding) to be reserved for future allocations.

The total number of options exercised to date under the Corporation's Option Plan since inception is 1,385,098. There have been 1,080,543 RSUs or restricted stock redeemed since inception.

### **Approval Required**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve, an ordinary resolution approving the unallocated options, rights and other entitlements available under the Option Plan and LTIP. The ordinary resolution must be approved by a majority vote of the Shareholders. **Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form in favour of this ordinary resolution.**

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated options, rights and other entitlements under the Option Plan and LTIP until 2018. If the resolution approving the unallocated options, rights and other entitlements under the Option Plan and LTIP is not approved, previously granted options and awards will continue and not be affected; however, in such circumstances, previously granted options and awards will not be available for re-allocation if they are cancelled, exercised or redeemed or if they have not been allocated as of September 30, 2015. Previously allocated options and awards will continue to be unaffected by the approval or disapproval of the resolution.

*The text of the ordinary resolution to be considered at the Meeting will substantially be as follows:*

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

- 1. all unallocated options, rights and other entitlements available under the Option Plan and LTIP be and are hereby approved;**
- 2. the Corporation be and is hereby authorized to continue granting options, rights and other entitlements under the Option Plan and LTIP until September 30, 2018, that is the date that is three (3) years from the date where shareholder approval is being sought; and**
- 3. any director or officer of the Corporation is authorized to do all acts and things, to execute under the corporate seal of the Corporation or otherwise and to deliver all agreements, documents and instructions, to give all notices and to deliver, file and distribute all documents and information which such director or officer (as the case may be) determines to be necessary or desirable in connection with or to give effect to and carry out these resolutions.”**

### **EXECUTIVE COMPENSATION**

#### **General**

The objectives of the Corporation's executive compensation program are designed to support an appropriate relationship between executive pay and the creation of shareholder value. The objectives of the program are as follows:

- To provide compensation comparable to similar companies and thereby enable the Corporation to attract and retain talented executives critical to the Corporation's long-term success.
- To align the interests of executives with long-term interests of Shareholders through stock option, RSU and restricted stock awards whose value over time depends upon the market value of the Common Shares.

- To motivate and retain key senior officers to achieve strategic business initiatives and reward them for their individual and team achievements.

The Corporation's executive compensation program is available to the Named Executive Officers of the Corporation which is defined by the securities legislation to mean each of the following individuals, namely: (i) the CEO; (ii) the Chief Financial Officer of the Corporation; (iii) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under (iii) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year (the "**Named Executive Officer**" or "**NEO**").

The Named Executive Officers of the Corporation for the year ended April 30, 2015 are:

Donald J. McCaffrey, President, Chief Executive Officer and Secretary  
A. Brad Cann, Chief Financial Officer  
Mike Sweeney, Senior VP, Clinical Development  
Dr. Jan Johansson, Senior VP, Medical Affairs  
Ken Lebioda, Senior VP, Business Development

### **Compensation Governance**

The Corporation's Board has established a Compensation and HR Committee comprised of independent directors. The purpose of the Compensation and HR Committee is to assist the Board in fulfilling its responsibilities by reviewing and making recommendations to the Board on its findings and conclusions on matters relating to the compensation of the NEOs and directors of the Corporation and its subsidiaries in the context of the budget, business plan and competitive environment of the Corporation; conducting and assisting in the regular reviews and appraisals of the Chief Executive Officer and other NEOs; ensuring appropriate succession plans are in place for the NEOs; and reviewing the Corporation's overall compensation policies and practices to ensure that the Compensation and HR Committee and the Board consider the implications of the risks associated with such policies and practices.

In fulfilling its mandate, the Compensation and HR Committee:

- annually reviews and recommends for approval to the Board the compensation packages for the CEO and the other NEOs, including short term and long term incentive plan grants and awards;
- annually reviews and recommends for approval to the Board the corporate goals, objectives and business performance measures which will be used in evaluating the CEO and the other NEOs;
- ensures that an effective succession plan for the Corporation's senior management team is in place and annually reviews such plan with the Board;
- pursuant to the terms of the Corporation's Option Plan and LTIP, recommends for approval to the Board the options or awards granted under such plans;
- pursuant to the terms of the Corporation's short term incentive plan for NEOs, recommends for approval to the Board the granting of the bonuses under such plan;
- annually reviews and ensures that compensation plans, in their design, structures and application have a clear link between pay and performance and do not encourage excessive risk taking;
- annually reviews and assesses compensation principles of, and compensation amounts payable by, appropriate comparator groups and recommends for approval to the Board any appropriate changes; and
- reviews and recommends to the Board the compensation to be paid to the Corporation's directors.

The terms of the compensation arrangements for each NEO (other than the Chief Executive Officer) are reviewed by the Chief Executive Officer with the Compensation and HR Committee. The terms of the Chief Executive Officer's compensation arrangements are reviewed by the Compensation and HR Committee in the absence of the Chief Executive Officer. All changes to the compensation arrangements of the NEOs are recommended for approval by the Compensation and HR Committee and approved by the Corporation's Board.

#### *Composition of the Compensation and HR Committee*

The Compensation and HR Committee consists of three members: Kelly McNeill, Dr. Peter Johann and Dr. Eldon Smith. All members are independent in accordance with National Instrument 52-110 - *Audit Committees*. Below are brief biographies of the Compensation and HR Committee members which illustrate their relevant experience.

#### *Kelly McNeill*

Mr. McNeill has first-hand experience with establishing, implementing and maintaining executive and employee compensation programs through his prior executive management positions with the Corporation, Haworth Ltd., SMED International and IMRIS Inc., as well as with his current position as Chief Financial Officer of RTDS Technologies Inc. Mr. McNeill also serves as chair of the compensation committee of Zenith Epigenetics Corp. (a biotechnology company that is a reporting issuer under securities legislation). He provides an important front-line perspective on the Corporation's Compensation and HR Committee and has knowledge and experience with current executive compensation requirements for both Canadian and US listed issuers.

#### *Dr. Peter Johann*

Dr. Johann is currently the Managing General Partner for NGN Capital and he serves on the compensation committees of Zenith Epigenetics Corp. (a biotechnology company that is a reporting issuer under securities legislation), Noxxon Pharma AG (a private clinical stage biotech company) and Exosome Diagnostics, Inc. (a private company developing molecular diagnostic tests for personalized medicine). In the past, he has also served on the compensation committees of Micromet Inc. and Horizon Pharma, Inc. (both listed on NASDAQ). Dr. Johann is knowledgeable in current executive compensation practices and disclosure requirements in connection with his past and current involvement with a number of compensation committees.

#### *Dr. Eldon Smith*

Dr. Smith is a physician and President and CEO of Eldon R. Smith and Associates Ltd. (a private healthcare consulting company) and was for many years involved in senior administration at the University of Calgary. From 1992 to 1997, Dr. Smith served as the Dean (Chief Executive Officer) of the Faculty of Medicine, where he was responsible for approximately 1,600 employees.

In addition to the Corporation, Dr. Smith also serves on the compensation committee of Zenith Epigenetics Corp. (a biotechnology company that is a reporting issuer under securities legislation), and is chair of the compensation committees of Aston Hill Financial Inc. (a TSX company), and Intellipharma International Inc. (a TSX/NASDAQ company). He previously served on the compensation committee of Canadian Natural Resources Limited (a TSX/NYSE company).

Dr. Smith is knowledgeable in current executive compensation practices and disclosure requirements in connection with his past and current involvement with a number of compensation committees.

#### **Risk Management**

The combination of short term and long term incentive plans in the Corporation's compensation program ensures that a significant portion of each NEO's compensation is at risk annually. The balance between the short term and long term incentive plans aligns the NEO's interests with both the short and long term interests of the Shareholders and the Corporation's business strategy. It is, however, important to ensure

that the Corporation's incentive plans do not result in an NEO taking actions that expose the Corporation to inappropriate or excessive risks or which would conflict with the Corporation's short term and long term interests. The Corporation believes that its compensation policies and practices have been structured to ensure that they do not encourage an NEO to expose the Corporation to inappropriate or excessive risks. Key components of the management of this risk include:

- All NEOs are compensated based on similar financial metrics and performance goals approved by the Board.
- Incentives are balanced between short term incentives and long term incentives which vest over time.
- Short term incentive programs for all employees (including the NEOs), while having different attributes, are subject to the same fundamental characteristics: payable only on the achievement of specified corporate and personal goals which have been defined at the beginning of a fiscal year.
- All short term incentive programs have clearly specified payout limits.

As a result of the steps taken to consider and mitigate the risks associated with the Corporation's compensation policies and practices, the Corporation has not identified any risks from such policies and practices which would be reasonably likely to have a material adverse effect on the Corporation.

#### *Financial Instruments*

The Corporation does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director, other than general provisions in the Corporation's trading policy which prohibit officers from short-selling and buying put options in respect of the Corporation's securities. However, management is not aware of any Named Executive or director purchasing such an instrument.

#### **Benchmark Review**

During fiscal 2015, the Compensation and HR Committee, with assistance from the CEO and CFO, conducted an informal compensation review of publicly available data relating to the Corporation's peers' pay levels and practices, which the Corporation has used to compare its existing compensation program and assist with establishing compensation for the next fiscal year.

Following a detailed review, the Compensation and HR Committee recommended and the Board approved an executive and director compensation peer group consisting of Canadian biotech companies whose market capitalization ranged from CAD\$95 million to \$500 million. Depending on the NEO's position and available comparative data, up to eight companies were included in the comparator group, being:

- Oncolytics Biotech Inc. (TSX)
- Cynapsus Therapeutics Inc. (TSX)
- Trillium Therapeutics Inc. (TSX)
- Helix BioPharma Corp. (TSX)
- Aurinia Pharmaceuticals Inc. (TSX)
- Cardiome Pharma Corp. (TSX)
- QLT Inc. (TSX)
- Transition Therapeutics Inc. (TSX)

Comparative statistics (including percentile rankings) on base salaries, bonus plans and security based incentive plans were provided in the review. The Corporation determined it would continue to use the average (50th percentile) range as its overall benchmark.

## **Compensation Elements**

The Corporation compensates its executive officers primarily through base salary, annual bonuses and long-term equity based incentives, being participation in the Option Plan and LTIP. In addition, the Corporation's NEOs participate in the Corporation's benefit programs, including life insurance and health and dental, on the same basis that such benefits are offered to all employees of the Corporation.

### **1. Base Salary**

Base salary is the principal component of executive compensation. Base salary for NEOs reflects (i) the scope, complexity and responsibility of the role of the NEO; (ii) competitiveness with salary levels for similar positions at companies included in the market comparator group; (iii) the NEOs previous experience and performance; and (iv) the NEOs performance rating.

### **2. Short Term Incentive Plan - Annual Bonuses and Incentive Retention Payments**

The Corporation has a performance-based program that links the attainment of predetermined performance targets to operational and market-based short-term incentive pay targets. NEOs are eligible to receive a bonus of up to a percentage of base salary, which is paid on a sliding scale relative to the successful completion of the established performance objectives. The sliding scale corresponds to a maximum target level that is reviewed and set annually by the Compensation and HR Committee. The performance objectives are prepared by and proposed by the NEOs to the Compensation and HR Committee for analysis and review and are recommended for final approval to the Board. The President and CEO abstains from voting at the Board meeting on these matters.

The performance targets for the NEOs and other executive officers are established annually in connection with the achievement of goals and objectives for the Corporation. The key areas of the fiscal 2015 corporate goals and objectives were: i) advancing clinical development; ii) expanding indications; iii) advancing the intellectual property portfolio; iv) building further support and structures for partnering; and v) financial performance, including market capitalization, achieving budgets, financial reporting and financing. With the exception of the CEO (whose compensation was based solely on achieving corporate objectives), a certain percentage of the NEOs overall compensation related to additional individualized objectives each was expected to achieve during the year.

### **3. Long-Term Equity Based Incentives**

The Corporation operates an Option Plan and LTIP (as previously detailed) to provide its employees, consultants, officers and directors with a long-term incentive for high performance and commitment to the Corporation. Options granted under the Option Plan and RSUs and restricted stock granted under the LTIP vest over a period of time as designated by the Board.

The Corporation believes that participation by the NEOs in the Option Plan and LTIP aligns the interests of the NEOs with those of the Corporation's Shareholders, as the NEOs are rewarded for positive performance through share price appreciation. As a result of the vesting period for issued options, RSUs and restricted stock, participation by the NEOs in the Option Plan and LTIP focuses the NEOs on the long-term appreciation of the Corporation's share price.

In determining the number of options, RSU's and/or restricted stock to be granted to an NEO, the number and term previously granted, individual and team responsibilities and functions, position, individual performance and projected contribution are considered. Proposals for grants under the Option Plan and LTIP are reviewed and considered by the Compensation and HR Committee and recommended to the Board for final approval.



## Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, in Canadian dollars, to the Corporation's NEO's for the three most recently completed financial years (where applicable).

Name and Principal Position	Year ended	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
	<b>April 30</b>								
<b>Donald J. McCaffrey</b> <sup>(3)</sup> President, CEO and Secretary	2015	404,600	64,668	26,606	172,967	N/A	Nil	Nil	668,841
	2014	404,600	290,453	174,885	96,497	N/A	Nil	Nil	966,435
	2013	387,100	110,262	107,389	174,195	N/A	Nil	Nil	778,946
<b>A. Brad Cann</b> Chief Financial Officer	2015	255,283	20,944	8,579	97,601	N/A	Nil	Nil	382,407
	2014	241,680	49,545	51,517	34,742	N/A	Nil	Nil	377,484
	2013	228,000	32,292	31,399	82,000	N/A	Nil	Nil	373,691
<b>Dr. Mike Sweeney</b> <sup>(4)(5)</sup> Senior VP, Clinical Development	2015	214,279	88,000	Nil	66,910	N/A	Nil	Nil	369,189
<b>Dr. Jan Johansson</b> <sup>(4)</sup> Senior VP, Medical Affairs	2015	275,976	N/A	51,765	Nil	N/A	Nil	Nil	327,741
	2014	183,841	N/A	420,243	Nil	N/A	Nil	Nil	604,084
	2013	240,864	N/A	Nil	Nil	N/A	Nil	Nil	240,864
<b>Ken Lebioda</b> Senior VP, Business Development	2015	238,700	14,416	5,906	55,975	N/A	Nil	Nil	314,997
	2014	238,700	40,370	41,801	23,870	N/A	Nil	Nil	344,741
	2013	229,500	35,328	34,466	46,200	N/A	Nil	Nil	345,494

### Notes:

- (1) Share-based awards and Option-based awards amounts are non-cash fair value estimates of options granted during the year, calculated using the Modified Black-Scholes pricing model, whereby the fair value of stock options above is determined on the grant date. The estimated fair market values of the stock options granted on May 26, 2014 and June 30, 2014 were \$0.62 and \$0.69, respectively. The values were based on the following key assumptions: a term of 5 year, an expected life of 4.2 years, an exercise price of \$0.65 and \$0.75 respectively, volatility of 164%, a share price of \$0.68 on May 26, 2014 and \$0.76 on June 30, 2014, and a risk-free rate of 1.4% and 1.3% respectively, and expected dividend yield of 0%. For accounting purposes, the compensation expense noted above would be amortized over the vesting period of the stock options. The Modified Black-Scholes model is an industry accepted valuation method.
- (2) Except as set forth above, the value of perquisites and other personal benefits received by each NEO was not in aggregate worth \$50,000 or more, or worth 10% or more of a NEOs total salary for each financial year.
- (3) Mr. McCaffrey is a member of the Corporation's Board; however he did not receive any additional compensation for acting as a director during fiscal years 2013, 2014 and 2015.
- (4) Amounts paid to each of Dr. Johansson and Dr. Sweeney were paid in United States Dollars and for purposes of the above disclosure converted to Canadian Dollars based on an average exchange rate of 1.0036 in 2013, 1.0602 in 2014 and 1.1499 in 2015.
- (5) Dr. Sweeney was appointed as Senior VP, Clinical Development of the Corporation effective November 3, 2014.

Pursuant to the Assignment and Services Agreement dated June 3, 2013 and effective May 1, 2012 between the Corporation and Zenith Epigenetics Corp. ("Zenith"), a biotechnology reporting issuer that has certain common directors and officers with the Corporation, Zenith engaged the Corporation to perform services on its behalf. As consideration for the services, Zenith pays the Corporation fees for salary and other compensation related costs allocated to the services and reimbursable expenses incurred by Zenith. In addition, pursuant to a Management Services Agreement dated June 3, 2013 between Zenith and the Corporation, Zenith engaged the Corporation to perform all management and

administrative services pertaining to Zenith as required. Zenith pays the Corporation a fee based on the cost of the Corporation's personnel and proportionate time worked on behalf of Zenith. The amounts reflected in the above table represent the gross compensation paid or payable by the Corporation to the NEOs, without any deduction for service fees paid by Zenith to the Corporation.

### Incentive Plan Awards for NEOs

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

The following table sets forth, for each NEO, all option-based and share-based awards outstanding as at April 30, 2015.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price <sup>(1)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Donald J. McCaffrey	100,000	2.44	Aug. 6/15	547,170	170,500	446,710	Nil
	286,300	1.46	Jun. 14/16				
	115,600	1.28	May 30/17				
	77,400	3.27	May 29/18				
	42,800	0.65	May 26/19				
A. Brad Cann	26,000	1.46	Jun. 14/16	89,045	22,150	58,033	Nil
	33,800	1.28	May 30/17				
	22,800	3.27	May 29/18				
	13,800	0.65	May 26/19				
Dr. Mike Sweeney	Nil	N/A	N/A	N/A	200,000	524,000	Nil
Dr. Jan Johansson	200,000	1.46	Jun. 14/16	302,125	N/A	N/A	N/A
	300,000	2.86	Jun. 10/18				
	75,000	0.75	May 26/19				
Ken Lebioda	126,000	1.46	Jun. 14/16	205,232	16,100	42,182	Nil
	37,100	1.28	May 30/17				
	18,500	3.27	May 29/18				
	9,500	0.65	May 26/19				

**Notes:**

- (1) The exercise price for the options was the five day volume weighted average trading price of the Corporation's Common Shares on the Toronto Stock Exchange immediately preceding the date of grant. In accordance with the terms of a plan of arrangement amongst the Corporation, Zenith Epigenetics Corp. and RVX Therapeutics Inc. made effective June 3, 2013, the exercise prices for all of the Corporation's then outstanding stock options were amended. These price amendments are reflected in the above table.
- (2) The closing market price of the Corporation's Common Shares on the Toronto Stock Exchange on April 30, 2015 was \$2.62.



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

The following table sets forth, for each NEO, the value vested or earned on all option-based awards, share-based awards, and non-equity incentive plan compensation during the financial year ended April 30, 2015.

<b>Name</b>	<b>Option-based Awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based Awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Non-equity incentive plan compensation – value earned during the year (\$)</b>
Donald J. McCaffrey	642	150,843	172,967
A. Brad Cann	207	23,819	97,601
Dr. Mike Sweeney	N/A	N/A	66,910
Dr. Jan Johansson	375	N/A	Nil
Ken Lebioda	143	20,566	55,975

**Notes:**

(1) On May 26, 2014, May 29, 2014, and May 30, 2014, stock options and RSU's vested for the NEOs listed above. The closing market price of the Corporation's Common Shares on the Toronto Stock Exchange was \$0.68 on May 26, 2014, \$0.66 on May 29, 2014, and \$0.76 on May 30, 2014. On June 10, 2014 and June 30, 2014 stock options vested for an NEO listed above. The closing market price of the Corporation's Common Shares on the Toronto Stock Exchange was \$0.72 on June 10, 2014 and \$0.76 on June 30, 2014. On October 3, 2014 RSU's vested for an NEO listed above. The closing market price of the Corporation's Common Shares on the Toronto Stock Exchange was \$0.73 on October 3, 2014.

**Termination and Change of Control Benefits**

As at April 30, 2015, the Corporation had in place executive employment agreements with each of Mr. McCaffrey, Mr. Cann, Dr. Sweeney and Mr. Lebioda and a consulting management agreement between the Corporation and Artery Therapeutics, Inc., a corporation controlled by Dr. Johansson, all of which include certain termination and change of control benefits, which are described below. The employment agreements and consulting management agreement are reviewed annually by the Compensation and HR Committee.

Donald J. McCaffrey

Mr. McCaffrey's employment agreement extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death and voluntary termination, the President and CEO is entitled to severance equal to five months of base salary plus one month of base salary for each completed year of service subsequent to October 2, 2013, up to a total maximum of 18 months base salary, plus all accrued but unpaid bonuses. The agreement also provides for a 12 month non-competition clause following the termination of the agreement.

A. Brad Cann

Mr. Cann's employment agreement extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death, and voluntary termination, the CFO is entitled to severance equal to 12 months base salary, plus all accrued but unpaid bonuses, with 50 percent payable immediately and 50 percent payable within six months after termination.

Dr. Mike Sweeney

Dr. Sweeney's employment agreement extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death and voluntary termination, the Senior VP, Clinical Development is entitled to severance equal to five months of base salary plus one month of base salary for each

completed year of service subsequent to November 2, 2014, up to a total maximum of 18 months base salary, plus all accrued but unpaid bonuses.

Dr. Jan Johansson

Management fees are paid pursuant to a consulting management agreement between the Corporation and Artery Therapeutics, Inc., a corporation controlled by Dr. Johansson. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death, and voluntary termination, Dr. Johansson is entitled to severance equal to 12 months of fees.

Ken Lebioda

Mr. Lebioda's employment agreement extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death and voluntary termination, the Senior VP, Business Development is entitled to severance equal to three months of base salary plus one month of base salary for each completed year of service subsequent to July 1, 2011, up to a total maximum of 18 months base salary, plus all accrued but unpaid bonuses.

Estimated Incremental Payment Obligations at April 30, 2015

The estimated incremental payment obligations of the Corporation related to the termination entitlements set forth above for each of the NEO's, assuming that the triggering event took place on April 30, 2015, are as follows:

<b>Named Executive Officer</b>	<b>(\$)</b>
Donald J. McCaffrey	470,192
A. Brad Cann	390,120
Dr. Mike Sweeney	248,535
Dr. Jan Johansson <sup>(1)</sup>	275,976
Ken Lebioda	191,850

**Notes:**

(1) The severance amounts for Dr. Johansson and Dr. Sweeney were converted to the Canadian dollar equivalent based on 1.1499 yearly average exchange rate for the fiscal period ended April 30, 2015.

The Board may in its discretion provide that all unvested options and LTIP awards issued to the NEOs vest upon the occurrence of a change of control in accordance with the provisions of the Corporation's Option Plan and LTIP. The value of unvested options held by such NEOs as at April 30, 2015 was \$135,234. The value of unvested LTIP awards held by such NEO's as at April 30, 2015 was \$1,070,925.

**Director Compensation**

Effective October 2, 2013, the Board had agreed to allocate two-thirds of the total amount of the fees to the Corporation's directors and one-third of the total amounts of the fees to the directors of Zenith, as a cost conscious measure and since both boards had the same members, with the exception of one management director for Zenith. Therefore, from May 1, 2014 until August 20, 2014, the Corporation paid the following fees to directors of the Corporation for services rendered in their capacity as directors.

Annual Fee for a Director	\$ 10,005
Additional Annual Fee for Chair of the Board	\$ 10,005
Additional Annual Fee for Committee Chairs	\$ 5,336
Meeting Fee for Board Meetings	\$ 800
Additional Meeting Fee for Chair of the Board	\$ 800
Meeting Fee for Committee Meetings	\$ 567

Additional Meeting Fee for Committee Chairs \$ 567

Effective August 21, 2014, the Board agreed to pay separate directors' fees to the Corporation's directors and revert back to the following directors' fees:

Annual Fee for a Director	\$ 15,000
Additional Annual Fee for Chair of the Board	\$ 15,000
Additional Annual Fee for Committee Chairs	\$ 8,000
Meeting Fee for Board Meetings	\$ 1,200
Additional Meeting Fee for Chair of the Board	\$ 1,200
Meeting Fee for Committee Meetings	\$ 850
Additional Meeting Fee for Committee Chairs	\$ 850

Expenses that are incurred by each director related to attendance at meetings of the Board or committees thereof are reimbursed.

By policy, management directors are not paid an annual fee or a meeting fee.

During the financial year ended April 30, 2015, the directors of the Corporation were paid aggregate compensation of \$242,284.

#### Director Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, in Canadian dollars, to the following individuals who were directors of the Corporation for the most recently completed financial year, excluding Donald J. McCaffrey, an NEO of the Corporation, whose compensation has been previously disclosed in this Information Circular.

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Dr. Peter Johann	58,633	N/A	15,541	N/A	Nil	Nil	74,174
Kelly McNeill	51,605	N/A	9,324	N/A	Nil	Nil	60,929
Kenneth Zuerblis	41,750	N/A	9,324	N/A	Nil	Nil	51,074
Dr. Eldon R. Smith	46,783	N/A	9,324	N/A	Nil	Nil	56,107

#### Notes:

(1) Option-based awards amounts are non-cash fair value estimates of options granted during the year, calculated using the Modified Black-Scholes pricing model, whereby the fair value of stock options above is determined on the grant date. The estimated fair market value of the stock options was \$0.62. The value was based on the following key assumptions: a term of 5 years, an expected life of 4.2 years, an exercise price of \$0.65, volatility of 164%, a share price of \$0.68, a risk-free rate of 1.4% and expected dividend yield of 0%. For accounting purposes, the compensation expense noted above would be amortized over the vesting period of the stock options. The Modified Black-Scholes model is an industry accepted valuation method.

### Outstanding Share-based Awards and Option-based Awards to Directors

The following table sets forth for each director, other than Mr. McCaffrey as NEO, all option-based and share-based awards outstanding at April 30, 2015.

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price <sup>(2)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Dr. Peter Johann	50,000	1.46	Jun. 14/16	145,125	N/A	N/A	N/A
	50,000	1.37	May 1/17				
	50,000	3.19	May 6/18				
	25,000	0.65	May 26/19				
Kelly McNeill	30,000	1.46	Jun. 14/16	87,075	N/A	N/A	N/A
	30,000	1.37	May 1/17				
	30,000	3.19	May 6/18				
	15,000	0.65	May 26/19				
Kenneth Zuerblis	150,000	3.97	Oct. 7/15	87,075	N/A	N/A	N/A
	30,000	1.46	Jun. 14/16				
	30,000	1.37	May 1/17				
	30,000	3.19	May 6/18				
	15,000	0.65	May 26/19				
Dr. Eldon R. Smith	75,000	2.09	Dec. 24/15	126,825	N/A	N/A	N/A
	30,000	1.46	June 14/16				
	30,000	1.37	May 1/17				
	30,000	3.19	May 6/18				
	15,000	0.65	May 26/19				

**Notes:**

- (1) All options granted to the directors have been granted pursuant to the Corporation's Option Plan. See "SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS" elsewhere in this Information Circular.
- (2) The exercise price for all options was the five day volume weighted average trading price of the Corporation's Common Shares on the Toronto Stock Exchange immediately preceding the date of grant. In accordance with the terms of a plan of arrangement amongst the Corporation, Zenith Epigenetics Corp. and RVX Therapeutics Inc. made effective June 3, 2013, the exercise prices for all of the Corporation's then outstanding stock options were amended. These price amendments are reflected in the above table.
- (3) The closing price of the Corporation's Common Shares on the Toronto Stock Exchange on April 30, 2015 was \$2.62.

### Incentive Plan Awards to Directors – Value Vested or Earned During the Year

The following table sets forth for each director, other than Mr. McCaffrey as NEO, the value vested or earned on all option-based awards during the financial year ending April 30, 2015. Directors of the Corporation do not participate in any share-based awards or non-equity incentive plans of the Corporation.

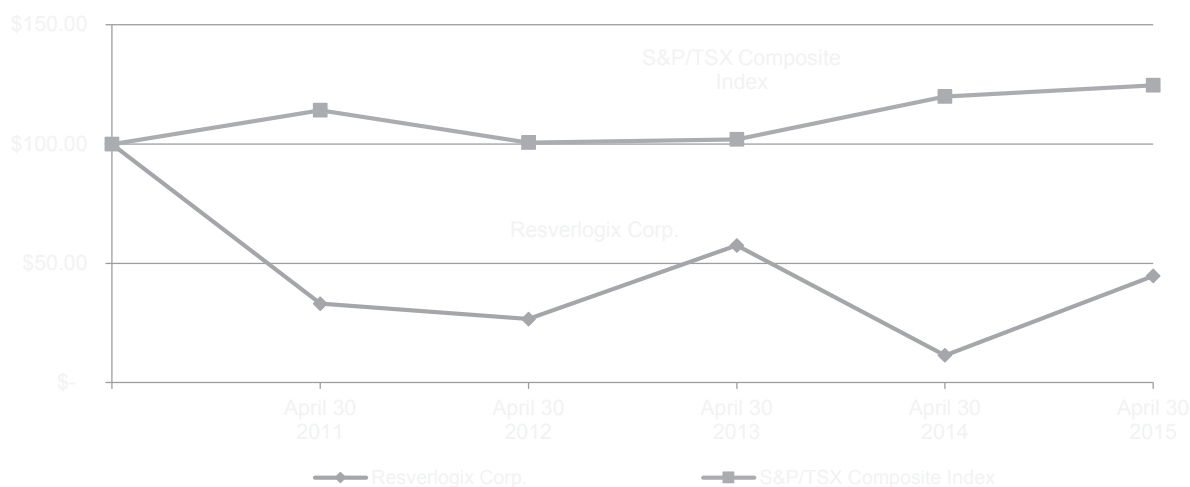
Name	Option-based Awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based Awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Dr. Peter Johann	375	N/A	N/A
Kenneth Zuerblis	225	N/A	N/A
Dr. Eldon R. Smith	225	N/A	N/A
Kelly McNeill	225	N/A	N/A

**Notes:**

(1) On May 1, 2014, May 6, 2014, and May 26, 2014, stock options vested for all the directors listed above. The closing market price of the Corporation's Common Shares on the Toronto Stock Exchange was \$0.66 on May 1, 2014, \$0.64 on May 6, 2014, and \$0.68 on May 26, 2014.

### PERFORMANCE GRAPH

The following graph illustrates the cumulative total Shareholder return of a \$100 investment in the Corporation's Common Shares, compared with the cumulative total return of the S&P/TSX Composite Index. The time frame selected for the following performance graph is the Corporation's last five fiscal years (beginning on May 1, 2010 through to April 30, 2015).



The trend shown by the above performance graph does not directly correlate to the compensation payable to the NEOs. The factors considered by the Corporation's Compensation and HR Committee and Board in determining compensation matters, such as individual and company performance and demand for skilled professionals, may not be heavily influenced by the market price of the Common Shares.

The cumulative Shareholder return realized on the Common Shares is affected by a number of different factors, including company performance, regional and global economic conditions, the performance of the global financial markets generally and other factors, some of which are discussed under the heading "Risk Factors" in the Corporation's Annual Information Form dated July 27, 2015, which is available on

the Corporation's website and has been filed on and is accessible through SEDAR at [www.sedar.com](http://www.sedar.com). Many of these factors are outside of the control of the Corporation.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for issuance under equity compensation plans (excluding securities reflected in column a)
Equity compensation plans approved by securityholders <sup>(3)</sup>	4,349,067 <sup>(1)</sup>	\$1.58 <sup>(1)</sup>	6,158,741 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	4,349,067	\$1.58	6,158,741

**Notes:**

- (1) 3,771,936 stock options approved by securityholders and 577,131 restricted share units/restricted stock approved by securityholders. The weighted average exercise price of the 3,771,936 stock options was \$1.82. The restricted share units/restricted stock are subject to vesting criteria but do not require payment of an exercise price.
- (2) The aggregate number of Common Shares that may be reserved for issuance from treasury under the Option Plan and the LTIP shall not exceed 10% of the issued and outstanding shares of the Corporation. At April 30, 2015, the Corporation had 86,106,938 Common Shares issued and outstanding.
- (3) For a complete description of the material features of the Option Plan and LTIP, see "MATTERS TO BE ACTED UPON AT THE MEETING – 4. Approval of the Unallocated Options, Rights and Other Entitlements Available Under the Corporation's Security Based Compensation Plans."

### AUDIT COMMITTEE INFORMATION

Under National Instrument 52-110 Audit Committees, the Corporation is required to include in its Annual Information Form ("AIF") the disclosure required under Form 52-110F1 with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor and to include in its management information circular a cross-reference to the sections in the AIF that contain the required information. The Corporation's disclosure with respect to the foregoing is contained in the section of the AIF dated July 27, 2015 entitled "Directors and Executive Officers - Audit Committee Matters". The AIF is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

#### General

The Board and senior management of the Corporation consider good corporate governance to be central to the effective operation of the Corporation and are committed to maintaining a high standard of corporate governance.

The Board has delegated primary responsibility for the development of certain governance practices and mechanisms to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee's charter provides that the responsibilities of such committee include: (i) establishing and reviewing member characteristics for the Board; (ii) evaluating, identifying and recommending nominees to the Board; (iii) monitoring and reviewing the education and development of members of the Board; (iv) recommending directors to serve as committee members and chairs; (v) reviewing and developing corporate governance guidelines, policies and procedures for the Board; (vi) establishing and implementing evaluation processes for the Board, committees and chairs; (vii) establishing procedures for the engagement of independent counsel by a director; (viii) reviewing

disclosure by the Corporation of matters within the committee's mandate; and (ix) reviewing and evaluating the committee's charter and efficacy.

The Board and the Corporation have devoted significant attention and resources to reviewing the Corporation's corporate governance practices and ensuring that the Corporation's system of corporate governance will meet applicable legal requirements on an ongoing basis. The Board adopted its Terms of Reference ("**Terms of Reference**") and a number of policies including policies related to insider trading, disclosure and the media, and a whistleblower policy, to assist the Corporation in maintaining a high standard of corporate governance. With input from the relevant committees, the Board also created the charters for its committees: the Audit and Finance Committee, the Compensation and HR Committee, and the Corporate Governance and Nominating Committee.

The Board and the Corporation has adopted Corporate Governance Guidelines (which set out the responsibilities of the Board as a whole, the structure of the Board, the responsibilities of directors and other matters related to the operations of the Board) and a Code of Ethics and Business Conduct (which is applicable to all directors, officers and employees of the Corporation).

In March 2015, the Corporate Governance and Nominating Committee conducted its annual review of the Corporation's governance policies, charters and terms of reference and minor amendments were recommended. The Board is committed to continuing to monitor new developments relating to governance best practices to ensure the Corporation is achieving compliance and implementing processes accordingly.

The Board and the Corporation has appointed Dr. Peter Johann as Chairman and a position description has been created for this position. Dr. Johann is a non-management director and as Chairman, works to ensure that the board operates independently of management and that Board members have an independent leadership contact. The Chairman manages the affairs of the Board, with a view to ensuring that the Board functions effectively and meets its obligations and responsibilities. As the Board is comprised of a majority of independent directors, each of whom has significant experience in, and an understanding of the role and responsibilities of acting as a director, the independent directors believe that they collectively provide active and appropriate leadership amongst themselves with respect to stewardship of the Corporation.

Set out below is a description of certain corporate governance practices of the Corporation.

### **Board of Directors**

National Policy 58-201 – *Corporate Governance Guidelines* recommends that boards of directors of reporting issuers be composed of a majority of independent directors. The Board is currently comprised of five directors, all of whom are being proposed for re-election at the Meeting. Pursuant to the Terms of Reference, the Board is responsible for assessing director independence. The Board has assessed the independence of each director in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Following this assessment as at the Effective Date, the Board concluded that four of the five existing directors (and therefore a majority of the directors), being Dr. Johann, Mr. McNeill, Dr. Smith and Mr. Zuerblis are independent. Mr. McCaffrey is not considered independent by virtue of his executive position with the Corporation.

The Corporation and the Board recognize the significant commitment involved in being a member of the Board. The Corporate Governance Guidelines set out rules regarding limitations on the number of boards of other publicly traded companies on which a director may serve, the minimum number of Board meetings to be held annually by the Corporation, orientation and continuing education for Board members, as well as Board and management responsibilities.



Currently, the following directors serve on the boards of directors of other reporting issuers in Canada (or the equivalent in a foreign jurisdiction) as listed below. All of the directors currently serve together on the board of Zenith Epigenetics Corp., a non-exchange listed reporting issuer.

Director	Public Company Board Membership
Donald J. McCaffrey	Zenith Epigenetics Corp. (reporting issuer only)
Dr. Peter Johann	Zenith Epigenetics Corp. (reporting issuer only)
Kelly McNeill	Zenith Epigenetics Corp. (reporting issuer only)
Dr. Eldon R. Smith	Aston Hill Financial Inc. – TSX Intellipharma International Inc. – TSX/NASDAQ Zenith Epigenetics Corp. (reporting issuer only)
Kenneth Zuerblis	Stemline Therapeutics, Inc. – NASDAQ Zenith Epigenetics Corp. (reporting issuer only)

The Board generally meets five times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are generally lengthy, detailed and well attended, and are conducted in an atmosphere that encourages participation and independence. In order to promote candid discussion among the independent directors, an in-camera session is considered at every board and committee meeting, from which Mr. McCaffrey, and any management invitees in attendance are recused. Information regarding the number of board and committee meetings held during the fiscal year ended April 30, 2015 and the attendance at such meetings is provided below:

	<u>Committees</u>			
	<u>Board</u>	<u>Audit and Finance</u>	<u>Corporate Governance and Nominating</u>	<u>Compensation and HR</u>
<b>Number of Meetings Held</b>	11	7	3	7
<b>Number of Meetings Attended</b>				
Donald J. McCaffrey	11 of 11	n/a	n/a	n/a
Dr. Peter Johann	11 of 11	n/a	3 of 3	7 of 7
Kelly McNeill	10 of 11	7 of 7	3 of 3	7 of 7
Kenneth Zuerblis	11 of 11	7 of 7	n/a	n/a
Dr. Eldon R. Smith	10 of 11	7 of 7	3 of 3	7 of 7

### Board Mandate

The Board's primary responsibility is for the stewardship of the Corporation and the Board's fundamental objectives are to enhance and preserve long-term Shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board may also consider the legitimate interests which other stakeholders, such as employees, clinical trial participants, regulatory authorities and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning, and internal control integrity.

The Board discharges these responsibilities directly and through delegation of specific responsibilities to committees of the Board, and officers of the Corporation.

The Board Terms of Reference are attached as Appendix A.



## **Position Descriptions**

The Board has developed formal written position descriptions for the Chair, Chief Executive Officer and committee chairs. The Board believes in a management team of the highest calibre and delegates specific duties and responsibilities to board committees and management and imposes certain limitations as to the authority of the committees and management including for example discretionary spending limits within the annual capital expenditure budget and an investment policy specifying how and where the Corporation invests its cash. The Chief Executive Officer, together with other senior management, is responsible for ensuring that the corporate objectives, developed annually with the Board, are met in order to enhance Shareholder value. The Chair provides independent leadership to the Board, and facilitates the functioning of the Board independently of the Corporation's management and maintains and enhances the quality of the Corporation's corporate governance practices.

## **Orientation and Continuing Education**

Each new director on the Board is provided with a director's manual, which is updated on a regular basis. New members are expected to review and become familiar with its contents. The director's manual contains the Board Terms of Reference, committee terms of reference, Corporate Governance Guidelines, the Code of Business Conduct and Ethics and the position descriptions of any officers and Committee Chairs, other key corporate policies and relevant corporate and Board information.

The Corporation also provides directors with opportunities to increase their knowledge and understanding of the Corporation's business. Briefings on strategic issues are conducted regularly, and typically include reviews of the competitive environment, the Corporation's performance relative to its peers, and any other developments that could materially affect the Corporation's business. In addition, the Board is briefed on a regular basis on corporate governance developments and emerging best practices in corporate governance.

## **Ethical Business Conduct**

The Board adopted a Code of Business Conduct and Ethics ("**Code**") which sets out in detail the purpose, scope and application of the Code and outlines general principles by which the Corporation is governed. The Code and the method of administering the Code, handling inquiries and complaints, investigating violations, and reporting to the Board on matters related to the Code has been communicated to directors, officers and employees. The Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at [www.sedar.com](http://www.sedar.com).

The Board and the Audit and Finance Committee has also established a Whistleblower Policy and engaged an independent whistleblower service provider to encourage employees, officers and directors to raise concerns regarding any matters, including accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment. A report on the status of any matters arising from the Whistleblower Policy is provided at each meeting of the Audit and Finance Committee.

In addition, in order to ensure independent judgment in considering transactions/agreements in which a director/officer has a material interest, all related party transactions are approved by the independent directors and all payments under related party transactions are approved by the Audit and Finance Committee.

## **Nomination of Directors**

The responsibility for identifying new candidates for Board nomination has been delegated to the Corporate Governance and Nominating Committee. As of the Effective Date, the Corporate Governance and Nominating Committee is comprised of Dr. Smith, Dr. Johann and Mr. McNeill, all of whom are independent directors. For further information concerning the responsibilities, powers and operations of the Corporate Governance and Nominating Committee see above under "General". If a vacancy occurs

on the Board, or if additional members are deemed necessary, the Corporate Governance and Nominating Committee will, in consultation with the President and CEO, identify candidates who satisfy the skills and characteristics criteria and the long-term plan for the Board composition established by such committee. The Corporate Governance and Nominating Committee will recommend such candidates to the Board for appointment.

### **Compensation**

Further information regarding the activities of the Compensation and HR Committee is provided under the heading "EXECUTIVE COMPENSATION" elsewhere in this Management Information Circular.

### **Other Board Committees**

The Board does not have any standing committees other than the Audit and Finance Committee, the Corporate Governance and Nominating Committee and the Compensation and HR Committee.

The Board from time to time and on an ad hoc basis may determine it to be in the best interests of the Corporation to form special committees of the Board to review or investigate specific matters and report findings or recommendations to the Board for further consideration. Following the completion or finalization of the matter or purpose for which the special committee had been established, the special committee is dissolved and ceases to exist.

### **Board Assessments**

In May 2015, the Corporate Governance and Nominating Committee coordinated, and the Board completed its annual formal evaluation process to assess the effectiveness of the Board as a whole, including a general review of the committees of the Board and the contribution of individual directors. The results of the evaluation and recommendations relating thereto were discussed and considered by the Board and action items were addressed accordingly.

### **Term Limits**

The Board has not adopted term limits for Board members or other mechanisms of Board renewal. However, the Corporate Governance and Nominating Committee has a process in place for the annual review of the performance of individual directors, the Board as a whole and the Board committees. Through this annual review process, the Corporate Governance and Nominating Committee determines whether an individual director is able to continue to make an effective contribution and recommends changes when appropriate. The Board is of the view that a regular review process is more effective than arbitrary term limits or other mechanisms of Board renewal such as mandatory retirement.

### **Representation of Women on the Board and in Executive Officer Positions**

The Board has adopted a written diversity policy that sets out the Corporation's approach to diversity, including gender diversity, on the Board and among the executive officers of the Corporation. The Corporate Governance and Nominating Committee and the Board aim to attract and maintain a Board and an executive team that have an appropriate mix of diversity, skill and expertise. All Board and executive officer appointments are based on merit, and the skill and contribution that the candidate is expected to bring to the Board and the executive team, with due consideration given to the benefits of diversity.

Pursuant to the diversity policy, when considering the composition of, and individuals to nominate or appoint to, the Board and the executive team, the Corporate Governance and Nominating Committee and the Board, as applicable, shall consider diversity from a number of perspectives, including but not limited to gender, age, ethnicity and cultural diversity. In addition, when assessing and identifying potential new members to join the Board or the executive team, the Corporate Governance and Nominating Committee and the Board, as applicable, consider the current level of diversity on the Board and the executive team.

The Corporate Governance and Nominating Committee and the Board are responsible for developing measurable objectives to implement the diversity policy and to measure its effectiveness. The Corporate Governance and Nominating Committee annually considers whether to set targets based on diversity for the appointment of individuals to the Board or the executive team, recognizing that notwithstanding any targets set in any given year, the selection of diverse candidates will depend on the pool of available candidates with the necessary skills, knowledge and experience. At this time, the Corporate Governance and Nominating Committee has not established a target regarding the number of women on the Board or the executive management team, as Board and management turnover is infrequent and the Corporate Governance and Nominating Committee intends to measure the effectiveness of the policy by monitoring the increase in female representation over time. The Corporation does not currently have any women that serve on the Board or in executive officer positions.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

To the knowledge of the Board and management of the Corporation, no director or executive officer of the Corporation or anyone who has held office as such since the beginning of the last financial year of the Corporation nor any proposed nominee for election as a director of the Corporation or of any associate or affiliate of any of the foregoing has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, except as otherwise disclosed herein.

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

Other than as set forth below, to the knowledge of the Board and management of the Corporation, none of the Corporation's directors, executive officers or companies or persons that beneficially own or control or direct, directly or indirectly, or a combination of both, more than 10 percent of the Corporation's Common Shares, proposed nominees for election as directors of the Corporation or any of their respective associates or affiliates, has any material interest in any transaction with the Corporation since the commencement of the Corporation's last financial year, or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Eastern Capital Limited ("**Eastern**"), the largest shareholder of the Corporation, arranged for a CAD\$68.8 million irrevocable standby letter of credit to secure the Corporation's loan from Citibank which was initially entered into in August 2012 and amended in March 2013 and August 2014. The Corporation agreed to indemnify Eastern in respect of its obligations under the standby letter of credit. The Corporation pledged its patents and tax losses as security for its indemnity obligations. The Corporation also issued to Eastern 1,320,000 share purchase warrants exercisable at a price of CAD\$1.58 (subsequently adjusted to CAD\$1.44), 728,640 share purchase warrants exercisable at a price of CAD\$2.38 (subsequently adjusted to CAD\$2.16) and 5,000,000 share purchase warrants exercisable at a price of CAD\$0.75 in August 2012, March 2013 and August 2014, respectively. The Corporation also agreed to pay a guarantee fee to Eastern in the amount of 0.03% per annum on the average daily aggregate principal amount of the issued and undrawn letter of credit.

In June 2014, the Corporation closed a private placement of 3.5 million Common Shares at a price of CAD\$0.65 per share for gross proceeds of US\$2.0 million (CAD\$2.3 million). NGN BioMed Opportunity II LP subscribed for 1,230,769 Common Shares and directors and officers of the Corporation subscribed for a total of 1,080,522 Common Shares.

In July 2015, the Corporation completed a private placement of 13,270,000 Common Shares and 1,000,000 common share purchase warrants to Shenzhen Hepalink Pharmaceutical Co., Ltd. ("**Hepalink**") and 5,600,000 Common Shares and 422,005 common share purchase warrants to Eastern for aggregate proceeds of approximately CAD\$50 million, or CAD\$2.67 per unit. Each warrant is exercisable at a price of CAD\$2.67 for a period of five years. After giving effect to the transaction, Hepalink held approximately 12.6% of the Corporation's outstanding Common Shares and Eastern held approximately 19.6% of the Corporation's outstanding Common Shares.

In conjunction with the private placement, the Corporation entered into a license agreement with Hepalink whereby the Corporation granted Hepalink a license of RVX-208 for China, Hong Kong, Taiwan and Macau for all indications. The license provides for certain milestone payments based on net sales of RVX-208 in the licensed territories and for Hepalink to pay a royalty of 6% of annual net sales of RVX-208 in the licensed territories.

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

No director, proposed director, officer, nor any of their respective associates is or has been at any time during the financial year ended April 30, 2015 been indebted to the Corporation or any of its subsidiaries, nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

#### **OTHER MATTERS**

As of the date of this Management Information Circular, the Board and management know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management's discussion and analysis available on SEDAR. A shareholder may contact the Corporation at 300, 4820 Richard Road SW, Calgary, Alberta, T3E 6L1, Attention: CFO, to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

Dated August 17, 2015

**APPENDIX "A" ATTACHED TO AND MADE A PART OF THE  
MANAGEMENT INFORMATION CIRCULAR IN CONNECTION  
WITH THE ANNUAL AND SPECIAL MEETING OF THE  
SHAREHOLDERS OF RESVERLOGIX CORP. TO BE HELD ON  
SEPTEMBER 30, 2015 AND ANY ADJOURNMENT THEREOF**

# RESVERLOGIX CORP.

## BOARD OF DIRECTORS - TERMS OF REFERENCE

The board of directors (the "Board") of Resverlogix Corp. ("Resverlogix") is responsible for overseeing the conduct of the business of Resverlogix and the activities of management, who are responsible for the day-to-day conduct of the business.

### Composition and Operation

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, constituting committees of the Board, and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board, determining director compensation, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of Resverlogix and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to, committees of the Board.

### Responsibilities

The Board's primary responsibility is for the stewardship of Resverlogix and the Board's fundamental objectives are to enhance and preserve long-term shareholder value and to ensure that Resverlogix meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board may also consider the legitimate interests other stakeholders, such as employees, customers and communities, may have in Resverlogix. In broad terms, the stewardship of Resverlogix involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning, and internal control integrity.

### Specific Duties

The Board's specific duties, obligations and responsibilities fall into the categories outlined below.

- (a) Legal Requirements
  - (i) The Board has oversight responsibility for Resverlogix's satisfaction of its legal obligations and for properly preparing, approving and maintaining Resverlogix's documents and records.
  - (ii) The Board has the statutory obligation to:
    - (A) manage, or supervise the management of, the business and affairs of Resverlogix;
    - (B) act honestly and in good faith with a view to the best interests of Resverlogix;
    - (C) exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
    - (D) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereunder, Resverlogix's articles and by-laws, and other relevant legislation and regulations.

- (iii) The Board has the statutory obligation to consider as a board of directors, and may not delegate to management or to a committee of directors, certain matters including but not limited to the following matters:
  - (A) submission to the shareholders of any question or matter requiring the approval of the shareholders;
  - (B) filling a vacancy among the directors or in the office of auditor;
  - (C) appointing additional directors;
  - (D) issuing securities, including granting of options, except in the manner and on the terms authorized by the Board;
  - (E) declaring dividends;
  - (F) purchasing, redeeming or otherwise acquiring shares issued by Resverlogix, except in the manner and on the terms authorized by the Board;
  - (G) paying a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of Resverlogix from Resverlogix or from any other person, or procuring or agreeing to procure purchasers for shares of Resverlogix;
  - (H) approving any management proxy circular relating to a solicitation of proxies by or on behalf of the management of Resverlogix;
  - (I) approving any take over bid circular or directors' circular;
  - (J) approving any annual or interim financial statements of Resverlogix;
  - (K) approving the Annual Information Form of Resverlogix;
  - (L) adopting, amending or repealing by-laws; and
  - (M) recording and maintaining minutes of meetings of the Board.

(b) Governance Policies

The Board is responsible for developing Resverlogix's approach to corporate governance, including:

- (A) developing a set of corporate governance guidelines for Resverlogix;
- (B) approving and monitoring compliance with all significant policies and procedures relating to corporate governance; and
- (C) implementing appropriate structures and procedures to permit the Board to function independently of management.

(c) Strategy Determination

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for Resverlogix and participating with management directly or through its



committees in approving the mission of Resverlogix and the strategic plan by which Resverlogix proposes to achieve its goals including:

- (A) adopting a strategic planning process and reviewing and approving annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis;
- (B) reviewing and approving management's strategic and operational plans to ensure they are consistent with the corporate vision; and
- (C) monitoring performance against both short-term and long-term strategic plans and annual performance objectives.

(d) Managing Risk

The Board is responsible for understanding the principal risks of the business in which Resverlogix is engaged, and reviewing whether Resverlogix achieves a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of Resverlogix.

(e) Appointment, Training and Monitoring Senior Management

The Board is responsible for:

- (A) appointing the chief executive officer of Resverlogix (the "CEO"), monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (B) approving or developing the corporate objectives that the CEO is responsible for meeting and assessing the CEO against those objectives;
- (C) approving the appointment and remuneration of all officers of Resverlogix;
- (D) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management; and
- (E) approving, as recommended by the Compensation and HR Committee, the succession plans for the Chief Executive Officer and Chief Financial Officer.

(f) Corporate Social Responsibility, Ethics and Integrity

The Board is responsible for:

- (A) taking all reasonable steps to satisfy itself of the integrity of the CEO and management and satisfying itself that the CEO and management create a culture of integrity throughout the organization;
- (B) approving Resverlogix's ethics policy; and
- (C) monitoring compliance with Resverlogix's ethics policy and grant and disclose, or decline, any waivers of the ethics policy for officers and directors.



(g) Reporting and Communication

The Board is responsible for:

- (A) verifying that Resverlogix has in place policies and programs to enable Resverlogix to communicate effectively with its shareholders, other stakeholders and the public generally;
- (B) verifying that the financial performance of Resverlogix is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (C) verifying that Resverlogix's financial results are reported fairly and in accordance with generally accepted accounting principles;
- (D) verifying the timely reporting of any other developments that have a significant and material effect on the value of Resverlogix;
- (E) reporting annually to shareholders on the Board's stewardship of the affairs of Resverlogix for the preceding year; and
- (F) adopting measures for receiving feedback from stakeholders and ensuring appropriate disclosures of the measures are made.
- (G) annually reviewing Resverlogix's Whistleblower Policy and providing an awareness program to all employees.

(h) Financial Reporting and Management

The Board will:

- (A) approve financial statements and review and oversee compliance with applicable audit, accounting and financial reporting requirements;
- (B) approve annual operating and capital budgets;
- (C) satisfy itself that management has an appropriate system in place to ensure the integrity of internal control and management information systems, and review the effectiveness of internal control procedures annually;
- (D) confirm that Resverlogix has a system in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (E) review operating and financial performance results relative to established strategy, budgets and objectives and revise and alter its direction through management in response to changing circumstances; and
- (F) approve significant changes in accounting practices or policies.

(i) Monitoring and Acting

The Board is responsible for:

- (A) ensuring that Resverlogix operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- (B) approving and monitoring compliance with the significant policies and procedures by which Resverlogix is operated;
- (C) ensuring that Resverlogix sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (D) ensuring that Resverlogix has in place appropriate programs and policies for the health and safety of its employees in the workplace;
- (E) annually reviewing and approving third party liability insurance, including directors' and officers' insurance and indemnification matters;
- (F) reviewing and considering for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy;
- (G) taking action when Resverlogix's performance falls short of its goals and objectives or when other special circumstances warrant;
- (H) approving director's compensation, as recommended by the Compensation and HR Committee;
- (I) approving individual director mandates that establish the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials; and
- (J) annually conducting and reviewing a formal Board and Committee effectiveness assessment.

(j) Outside Consultants or Advisors

At Resverlogix's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

(k) Review of the Board Terms of Reference

The Board shall assess the adequacy of these Terms of Reference annually and shall make any changes deemed necessary or appropriate.

(l) Other

The Board may perform any other activities consistent with these terms of reference, Resverlogix's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.

At the invitation of the Chair, one or more officers or employees or other advisors of Resverlogix may, and if required by the Board shall, attend a meeting of the Board. However, with respect to issues relating directly to the Chief Executive Officer or management of Resverlogix, the Committee may bar those individuals from attending meetings during a deliberation or voting process during that period of time.



