



## EXMCEUTICALS INC.

Suite 600, 1134 Grande Allee Ouest  
Quebec, QC G1S 1E5

### MANAGEMENT INFORMATION CIRCULAR

as at October 15, 2019

This Management Information Circular (“**Information Circular**”) is furnished in connection with the solicitation of proxies by management of EXMceuticals Inc. (the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of shareholders of the Company (the “**Shareholders**”) to be held on December 3, 2019 and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of October 15, 2019.

In this Information Circular, references to the “**Company**” and “**we**” refer to EXMceuticals Inc. “**Common Shares**” means common shares without par value in the capital of the Company. “**Registered Shareholders**” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means Shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

#### Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers or directors of the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting.** You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy. If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (i) Completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada; or

- (ii) Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder's account number and the Proxy Control Number.

You should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see "Voting by Non-Registered Shareholders" below for further information on how to vote your Common Shares.

#### **Exercise of Discretion by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

#### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. as nominee for The Canadian Depository for Securities Limited (which acts as depository for many Canadian brokerage firms and custodian banks), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set out herein. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on October 15, 2019 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company’s articles, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote Common Shares of the Company at a meeting of Shareholders, present in person or by Proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date, there were 39,669,310 Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, as of the Record Date, the Shareholders who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Approximate Percentage of Total Outstanding Common Shares
Marc Bernier	13,232,647 <sup>(2)</sup>	31.85%
Ched Corporate Solutions	4,698,808	11.84%
LGE Corporation	4,464,285	11.25%

### Notes:

- (1) The above information was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available at [www.sedi.com](http://www.sedi.com) and [www.sedar.com](http://www.sedar.com).
- (2) 3,348,214 Common Shares are held by CBD Science Holding Inc., 3,869,047 Common Shares are held by Nutraceutical Health & Farming Ltd. and 5,420,148 Common Shares are held by Peekaboo Holdings Inc., companies control by Mr. Bernier, the Company's Chief Strategy Officer.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

### Presentation of Financial Statements

The annual consolidated financial statements of the Company for the financial years ended June 30, 2018 and June 30, 2019, together with the auditor's reports thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

### Election of Directors

The Company proposes to fix the number of directors of the Company at four (4) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, 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 as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>Michel Passebon</b> France <i>CEO &amp; Director</i>	December 7, 2018	2,976,190	Mr. Passebon is an engineer and project manager with experience in large-scale stevia farming and sweetener extractions ventures as well as infrastructure, environment and industrial construction projects at an international level.
<b>Jonathan Summers</b> <sup>(2)(3)</sup> United Kingdom <i>Chairman &amp; Director</i>	May 24, 2019	74,000	Mr. Summers in an investment banker by background. For 15 years Mr. Summers was employed at one of the eminent Wall Street investment banks, his last role being to manager their capital markets activities in EMEA. More recently Mr. Summers has worked as a senior executive in major asset management firms, two of which he is a founding partner; one in Asia and one in London.
<b>Bobby Doyon</b> <sup>(2)</sup> Quebec, Canada <i>Director</i>	December 7, 2018	297,619	Mr. Doyon is a lawyer at JoliCoeur Lacasse law firm where he works in the business and taxation departments.
<b>Morten Borch</b> <sup>(2)</sup> Norway <i>Director</i>	March 13, 2018	58,571	Mr. Borch is a businessman and director of several private investment companies. Previously a lawyer specializing in mergers and acquisitions, corporate fundraising and tax advice.

**Notes:**

- (1) The information as to principal occupation, business or employment, and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Member of the Audit Committee.
- (3) Member of the Disclosure Committee.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or

- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a) above, “order” means:

- (i) a cease trade order;
  - (ii) an order similar to a cease trade order; or
  - (iii) an order that denied the relevant company access to any exemption under securities legislation;
- that was in effect for more than 30 consecutive days.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the 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;
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or executive officer;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Appointment of Auditor**

Management is recommending that Shareholders vote to appoint Dale Matheson Carr-Hilton LaBonte LLP, of Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia, as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

### **Increase of Authorized Capital**

The Company proposes to alter its Notice of Articles to increase its authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value in order to allow the Company to raise capital through financings that could result in the allotment of additional common shares that would exceed the Company’s current authorized capital.

The Company currently has no specific proposals or agreements for offers or sales of its common shares. The rights, privileges, preferences and restrictions applicable to the Company’s common shares will not be affected by the proposed change to the authorized capital. There are currently no provisions in the current Articles or agreements to which the Company is a party or is aware of, or any other facts or circumstances, that would give the Company a basis to conclude that the increase in authorized capital would have the effect of delaying, deferring or preventing a potential change in control.

If Shareholders approve the proposal to change the Company's capital structure, the Company will file a Notice of Alteration with the British Columbia Registrar of Companies implementing the change in the Company's capital structure.

The Shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, an ordinary resolution as follows:

"BE IT RESOLVED THAT:

- (a) the authorized capital of the Company be changed to an unlimited number of common shares, without par value, and the Company's Notice of Articles be altered accordingly;
- (b) any director or officer of the Company is instructed to authorize its agents to file a Notice of Alteration with the British Columbia Registrar of Companies along with all other necessary documents and take such further actions that may be necessary to effect the amendment; and
- (c) the board of directors is hereby authorized, at any time in its discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders."

The Board recommend a vote "FOR" increasing the authorized capital of the Company to an unlimited number of common shares.

#### **Approval of Omnibus Equity Compensation Plan**

The Company currently maintains a "rolling" stock option plan (the "**Stock Option Plan**") and pursuant thereto grants options to purchase Common Shares. On September 26, 2019, the Board approved an omnibus equity incentive compensation plan (the "**Omnibus Plan**") to be effective as of that date but subject to approval by an ordinary resolution of the Shareholders at the Meeting.

The Omnibus Plan will, in respect of options to purchase Common Shares, serve as the successor to the current Stock Option Plan that was approved by Shareholders at the Company's annual general meeting held on June 4, 2018, and no further options to purchase Common Shares shall be granted under the Stock Option Plan from and after the Effective Date (as defined in the Omnibus Plan).

The Omnibus Plan will be administered by the Board (or a committee thereof) and will provide that the Board may from time to time, in its discretion, and in accordance with Canadian Securities Exchange (the "**Exchange**") requirements, grant to eligible Participants (as defined in the Omnibus Plan), non-transferable awards (the "**Awards**"). Such Awards include options ("**Options**"), restricted share units ("**RSUs**"), share appreciation rights ("**SARs**"), deferred share unit rights ("**DSUs**") and performance share units ("**PSUs**").

The number of Common Shares reserved for issuance pursuant to Options granted under the Omnibus Plan will not, in the aggregate, exceed 10% of the then issued and outstanding Common Shares on a rolling basis. In addition, the maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Omnibus Plan shall not exceed 3,923,018, in the aggregate.

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

On a Change of Control (as defined in the Omnibus Plan) of the Company, the Board shall have discretion as to the treatment of Awards, including whether to (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the

vesting date of any Awards; (ii) permit the conditional exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised prior to the successful completion of such Change of Control. If there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date (as defined in the Omnibus Plan), if the Participant is an employee, officer or a director and their employment, or officer or director position is terminated or they resign for Good Reason (as defined in the Omnibus Plan) within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.

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

### *Options*

Subject to any requirements of the Exchange, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a Black Out Period (as defined in the Omnibus Plan), Options may be exercised for a period of up to ten years after the grant date, provided that: (i) upon a Participant's termination for Cause (as defined in the Omnibus Plan), all Options, whether vested or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable for a period of 90 days after the Termination Date; (iii) in the case of the Disability (as defined in the Omnibus Plan) of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Option Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; (v) subject to paragraph (vi) below, in all other cases where a Participant ceases to be eligible under the Omnibus Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable for a period of 90 days after the Termination Date; and (vi) notwithstanding paragraphs (i)-(v), in connection with the resignation of the Participants holding options to purchase Common Shares granted to the directors and officers of the Company under the Stock Option Plan, such options shall be exercisable for a period of 90 months after the Termination Date.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the Resulting Shares on the Exchange less any discount permitted by the rules or policies of the Exchange at the time the Option is granted. Subject to any vesting restrictions imposed by the Exchange, or as may otherwise be determined by the Board at the time of grant, Options shall vest equally over a four year period such that  $\frac{1}{4}$  of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.

### *Restricted Share Units*

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

The number of RSUs to be issued to any Participant will be determined by the Board at the time of grant. Each RSU will entitle the holder to receive at the time of vesting for each RSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of RSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2½ months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

Subject to any vesting restrictions imposed by the Exchange, or as may otherwise be determined by the Board at the time of grant, RSUs shall vest equally over a three year period such that ⅓ of the RSUs shall vest on the first, second and third anniversary dates of the date that the RSUs were granted.

### *Share Appreciation Rights*

SARs may be issued together with Options or as standalone awards. Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the fair market value of the underlying Common Shares on the date of exercise over the grant price of the SAR. At the discretion of the Board, the payment upon the exercise of a SAR may be in cash, Common Shares of equivalent value, in some combination thereof, or in any other form approved by the Board in its sole discretion.

Subject to any requirements of the Exchange, the Board may determine the vesting terms and expiry date of each SAR. Subject to a limited extension if a SAR expires during a Black Out Period, SARs will not be exercisable later than the tenth anniversary date of its grant.

Subject to compliance with the rules of the Exchange, the Board may determine, at the time of grant, the treatment of SARs upon a Participant ceasing to be eligible to participate in the Omnibus Plan.

### *Deferred Share Units*

The number and terms of DSUs to be issued to any Participant will be determined by the Board at the time of grant. Each DSU will entitle the holder to receive at the time of settlement for each DSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of DSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares.

Subject to any requirements of the Exchange, the Board may determine the vesting terms and expiry date of each DSU, provided that if a DSU would otherwise settle or expire during a Black Out Period, the Board may extend such date.

Subject to compliance with the rules of the Exchange, the Board may determine, at the time of grant, the treatment of DSUs upon a Participant ceasing to be eligible to participate in the Omnibus Plan.

### *Performance Share Units*

The number and terms (including applicable performance criteria) of PSUs to be issued to any Participant will be determined by the Board at the time of grant. Each PSU will entitle the holder to receive at the time of settlement for each PSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of PSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares.

Subject to any requirements of the Exchange, the Board may determine the vesting terms and expiry date of each PSU, provided that in no event will delivery of Common Shares or payment of any cash amounts be made later than the earlier of (i) 2½ months after the close of the year in which the performance conditions or restrictions are satisfied or lapse, and (ii) December 31 of the third year following the year of the grant date.

Subject to compliance with the rules of the Exchange, the Board may determine, at the time of grant, the treatment of PSUs upon a Participant ceasing to be eligible to participate in the Omnibus Plan.

At the Meeting, Shareholders will be asked to consider, and if thought appropriate, pass an ordinary resolution substantially in the form noted below to approve the Omnibus Plan and to authorize the issuance of Awards to Participants, all in accordance with the Omnibus Plan. The full text of the Omnibus Plan is set out in Schedule “A” attached hereto.

“BE IT RESOLVED, as an ordinary resolution, that:

- (a) the omnibus equity incentive compensation plan substantially in the form attached as Schedule “A” to the management information circular of the Company dated October 15, 2019 (the “Omnibus Plan”) is hereby approved, ratified and confirmed;
- (b) the board of directors of the Company be authorized to confirm and ratify the grant of Awards (as defined in the Omnibus Plan) to Participants (as defined in the Omnibus Plan), as at the effective date of the Omnibus Plan, provided that all such grants are in accordance with the terms of the Omnibus Plan as approved in resolution (a) above; and
- (c) any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing.”

The Shareholders resolution respecting the approval of the Omnibus Plan will require the affirmative vote of a majority of the votes cast thereon at the Meeting. Management of the Company recommends that Shareholders vote in favour of the resolution to approve the Omnibus Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote “FOR” the resolution to approve the Omnibus Plan.

A copy of the Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

### **OTHER BUSINESS**

As of the date of this Information Circular, the management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

## STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Information Circular:

“CEO” means the Company’s chief executive officer;

“CFO” means the Company’s chief financial officer;

“Named Executive Officer” or “NEO” means:

- (a) the CEO;
- (b) the CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer, other than the CEO and the CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

As at June 30, 2019, the end of the most recently completed financial year of the Company, the Company had three (3) NEOs, whose name and positions held within the Company are set out in the summary compensation table below.

### Director and Named Executive Officer Compensation

The following table is a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and director, for each of the two most recently completed financial years, other than stock options and other compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year Ended <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Michel Passebon</b> <sup>(2)</sup> CEO & Director	2019	\$359,787	Nil	Nil	Nil	Nil	\$359,787
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Scott Davis</b> <sup>(3)</sup> Interim CFO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Jonathan Summers</b> <sup>(4)</sup> Chairman & Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Bobby Doyon</b> <sup>(5)</sup> Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Morten Borch</b> <sup>(6)</sup> Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

**Table of compensation excluding compensation securities**

<b>Name and position</b>	<b>Year Ended<sup>(1)</sup></b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>John Anderson<sup>(7)</sup></b> Former CEO, Chairman & Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Christopher Gulka<sup>(8)</sup></b> Former CFO & Director	2019	\$46,600	Nil	Nil	Nil	Nil	\$46,600
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Eugene Sekora<sup>(9)</sup></b> Former CFO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sonny Janda<sup>(10)</sup></b> Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Year ended June 30.
- (2) Mr. Passebon was appointed as the CEO and a director of the Company effective as of December 7, 2018. All compensation paid to Mr. Passebon is in connection with his position as CEO of the Company.
- (3) Mr. Davis was appointed as the Interim CFO of the Company effective as of June 30, 2019.
- (4) Mr. Summers was appointed as the Chairman and a director of the Company effective as of May 24, 2019.
- (5) Mr. Doyon was appointed as a director of the Company effective as of December 7, 2018.
- (6) Mr. Borch was appointed as a director of the Company effective as of March 13, 2018.
- (7) Mr. Anderson was appointed as a director of the Company effective as of April 20, 2016, he was appointed as CEO of the Company effective as of May 17, 2017 and he was appointed as Chairman of the Company effective December 7, 2018. Mr. Anderson ceased to be CEO of the Company effective as of December 7, 2018 and ceased to be a director and Chairman of the Company effective as of May 15, 2019.
- (8) Mr. Gulka was appointed as a director of the Company effective as of June 4, 2018 and he was appointed as CFO of the Company effective as of December 7, 2018. Mr. Gulka ceased to be a director and CFO of the Company effective as of June 30, 2019. All compensation paid to Mr. Gulka was in connection with his position as CFO of the Company.
- (9) Mr. Sekora was appointed as CFO of the Company effective as of April 20, 2017 and ceased to be CFO of the Company effective as of December 7, 2018.
- (10) Mr. Janda was appointed as a director of the Company effective as of October 25, 2011 and ceased to be a director of the Company effective as of September 10, 2018.

## Stock Options and Other Compensation Securities

The Company granted the following compensation securities to each director and NEO in the financial year ended June 30, 2019 for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (C\$)	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
Michel Passebon <sup>(1)</sup> CEO & Director	N/A						
Scott Davis <sup>(2)</sup> Interim CFO	N/A						
Jonathan Summers <sup>(3)</sup> Chairman & Director	Stock Options	5,000,000 <sup>(4)</sup>	May 24, 2019	See note 5 to this table	\$1.29	\$1.16	May 24, 2024
Bobby Doyon <sup>(6)</sup> Director	N/A						
Morten Borch <sup>(7)</sup> Director	N/A						

### Notes:

- (1) Mr. Passebon held nil compensation securities on the last day of the most recently completed financial year.
- (2) Mr. Davis held nil compensation securities on the last day of the most recently completed financial year.
- (3) Mr. Summers held 5,000,000 compensation securities on the last day of the most recently completed financial year.
- (4) The options will vest on the earlier of: 1) November 24, 2020; 2) the date that the Company's stock price closes for at least one day above the relevant various strike prices of the different tranches of options; or 3) the Company receives a written approach from a *bona fide* third party purchaser to acquire at least 35% of the voting shares of the Company.
- (5) 1,500,000 options at a deemed price of \$2.00 per share, once vested, may be exercised when the share price of the Company trades at \$2.00 or more; 2,500,000 options at a deemed price of \$3.00 per share, once vested, may be exercised when the share price of the Company trades at \$3.00 or more; 500,000 options at a deemed price of \$4.00 per share, once vested, may be exercised when the share price of the Company trades at \$4.00 or more; and 500,000 options at a deemed price of \$5.00 per share, once vested, may be exercised when the share price of the Company trades at \$5.00 or more
- (6) Mr. Doyon held nil compensation securities on the last day of the most recently completed financial year.
- (7) Mr. Borch held nil compensation securities on the last day of the most recently completed financial year.

No compensation securities were exercised by the directors or NEOs during the most recently completed financial year.

In connection with the reverse takeover that closed December 7, 2018, the Company agreed to reserve for issuance common shares (the "**Performance Shares**") for directors, executive officers, consultants and employees of the Company, and any of its subsidiary companies, as an incentive, subject to the achievement of certain business performance and time based milestones. The allocation of the Performance Shares is determined by the board of directors. The Performance Shares will not, at any point, represent more than 10% of the total number of Common Shares issued and outstanding, subject to a cap of 12,216,600 Common Shares.

### Stock option plans and other incentive plans

See "Approval of Omnibus Equity Compensation Plan" above for the material terms of the Company's compensation plan to be approved at the Meeting.

## **Employment, consulting and management agreements**

Except as disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were performed by a director or NEO.

The Company entered into an executive employment agreement dated May 24, 2019 with Mr. Jonathan Summers, as executive Chairman. Mr. Summers agreed not to receive any salary until renegotiation of his agreement scheduled for January 2020, but was granted 5,000,000 stock options, exercisable at prices ranging from \$2.00 to \$5.00 (see the “Stock Options and Other Compensation Securities” table above). The options will vest on the earlier of: 1) November 24, 2020; 2) the date that the Company’s share price closes, for at least one day, above the relevant various strike prices of the different tranches of options; or 3) the Company receives a written approach from a *bona fide* third party purchaser to acquire at least 35% of the voting shares of the Company. In the event of termination of the agreement, other than for cause, the Company agreed to pay to Mr. Summers a termination fee equal to 12 times the monthly salary, and all options will vest immediately.

The Company entered into an executive employment agreement dated June 1, 2019 with Mr. Michel Passebon, as Chief Executive Officer. The agreement provides for an annual salary of \$300,000, payment of which will however be deferred and accrued until the Company has significant revenues. In the event of termination of the agreement, other than for cause, the Company agreed to pay Mr. Passebon a termination fee equal to 12 times the monthly salary.

The Company entered into an executive employment agreement dated June 1, 2019 with Mr. Marc Bernier, as Chief Strategy Officer. Mr. Bernier agreed not to receive any salary until renegotiation of his agreement scheduled for January 2020. In the event of termination of the agreement, other than for cause, the Company agreed to pay Mr. Bernier a termination fee of 12 times the monthly salary.

## **Oversight and description of director and named executive officer compensation**

The objective of the Company’s compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company’s resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented two levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company’s financial resources and prospects.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (stock option plan)	Nil	Nil	3,923,018
Equity compensation plans not approved by security holders	5,000,000	\$3.00	N/A
<b>Total:</b>	5,000,000	\$3.00	3,923,018

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company's most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

In connection with the Company's reverse take-over that closed on December 7, 2018, the Company entered into a share exchange agreement dated June 5, 2018 (the "**Share Exchange Agreement**") pursuant to which the Company issued an aggregate of 29,761,858 Common Shares to the shareholders of EXM Ceuticals Inc. ("**EXMC**") in exchange for 100% of the issued and outstanding shares of EXMC. Certain shareholders of EXMC that were parties to the Share Exchange Agreement were companies that are controlled by the following individuals who are now insiders of the Company: Marc Bernier, the Company's Chief Strategy Officer and Michel Passebon, a director of the Company and the Company's Chief Executive Officer.

The Company entered into a debt settlement agreement with Working Capital Corporation, a company controlled by Mr. Christopher Gulka, the former CFO of the Company, pursuant to which the Company issued 14,258 Common Shares at a deemed price of \$1.35 per share as settlement for debt in the sum of \$19,248.30.

The Company entered into a debt settlement agreement with Cross Davis & Co. LLP pursuant to which the Company issued 29,630 Common Shares at a deemed price of \$1.35 per share as settlement for debt in the sum of \$40,000.50. Mr. Scott Davis, the current CFO of the Company, is a partner at Cross Davis & Co. LLP.

The Company entered into a loan agreement dated June 7, 2019 with a maturity date of December 7, 2019 (the "**Loan Maturity Date**") with Jonathan Summers (the "**Lender**"), a director and the Chairman of the Company, pursuant to which the Lender provided to the Company a loan in the principal amount of \$600,000 (the "**Loan**"). The Loan bears an interest rate of 10% per annum. The Company also entered into loan facility agreement dated July 5, 2019, with a maturity date of January 5, 2021 (the "**Loan Facility Maturity Date**") with the Lender, pursuant to which the Lender

provided to the Company a loan facility for the principal amount of \$1,400,000 (the “**Loan Facility**”). The Loan Facility bears an interest rate of 12% per annum up to the Loan Facility Maturity Date. The Company may elect to pay any outstanding principal amount and any interest accrued on the principal amount of the Loan Facility through the issuance of common shares of the Company.

As additional consideration for the Loan and Loan Facility, the Company agreed to issue special warrants (the “**Special Warrants**”) to the Lender to acquire up to 296,296 common shares in the capital of the Company (the “**Special Warrant Shares**”) equal in value to 20% of the principal amount of the Loan and Loan Facility at a conversion rate of \$1.35 per Special Warrant Share. Conversion of the Special Warrants to Special Warrant Shares is subject to the closing of one or more private placements in which the Lender will have subscribed for securities of the Company at an aggregate subscription price of no less than the principal amount of the Loan and Loan Facility (the “**Qualifying Financing**”). Upon closing of a Qualifying Financing, the Special Warrants automatically convert into Special Warrant Shares. The Special Warrants are otherwise not convertible, and in the event the Lender does not participate in a Qualifying Financing on or prior to the Loan Maturity Date and the Loan Facility Maturity Date, the Special Warrants will expire.

The Loan Facility also provides for the grant of performance-based warrants (the “**Bonus Warrants**”), entitling the Lender to acquire a percentage of the principal amount funded under the Loan Facility in common shares of the Company at a price of \$1.35 per share. The percentage of Bonus Warrants the Lender will receive will be determined based on the Company’s share price at the time the Loan Facility is fully repaid as follows:

- (i) equal to 10% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$1.35 and \$2.00 per share;
- (ii) equal to 20% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$2.00 and \$3.00 per share;
- (iii) equal to 30% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$3.00 and \$4.00 per share;
- (iv) equal to 40% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$4.00 and \$6.00 per share; and
- (v) equal to 50% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is above \$6.00 per share.

On October 21, 2019 the Company entered into an additional loan facility agreement (the “**October Loan Facility Agreement**”) with a maturity date of December 31, 2020 (the “**October Loan Facility Maturity Date**”) with the Lender, pursuant to which the Lender provided to the Company a loan in the principal amount of \$500,000 (the “**October Loan Facility**”). The October Loan Facility bears an interest rate of 15% per annum up to the October Loan Facility Maturity Date. The October Loan Facility is repayable in cash, and the accrued interest is convertible into common shares of the Company at the option of the Lender.

As additional consideration for the October Loan Facility, the Company also agreed to issue additional Special Warrants (as described above) to the Lender to acquire up to 74,074 Special Warrant Shares equal in value to 20% of the principal amount under the October Loan Facility.

The October Loan Facility also provides for the grant of additional Bonus Warrants (as described above). The percentage of Bonus Warrants the Lender will receive in connection with the October Loan Facility will be determined based on the Company’s share price at the time the October Loan Facility is fully repaid as follows:

- (i) equal to 15% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$1.35 and \$2.00 per share;
- (ii) equal to 25% of the principal amount of the Loan Facility if the fair market value of the Company’s shares is between \$2.00 and \$3.00 per share;

- (iii) equal to 35% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between \$3.00 and \$4.00 per share;
- (iv) equal to 45% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between \$4.00 and \$6.00 per share; and
- (v) equal to 60% of the principal amount of the Loan Facility if the fair market value of the Company's shares is above \$6.00 per share.

## **MANAGEMENT CONTRACTS**

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company or subsidiary. See "Employment, consulting and management agreements" above.

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

The composition of the Board currently consists of the following four members: Michel Passebon, Jonathan Summers, Bobby Doyon and Morten Borch. It is proposed that all four individuals will be nominated for election at the Meeting.

There is one member of the Board, Morten Borch, who is considered to be independent for purposes of membership on the Board. For this purpose, a director is independent if he has no direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. Of the proposed nominees, Michel Passebon (CEO), Jonathan Summers (Chairman) and Bobby Doyon (legal counsel) are considered to be a non-independent directors.

### **Other Directorships**

No director of the Company is presently a director of any other issuer that is a reporting issuer in Canada, or the equivalent of a reporting issuer in a foreign jurisdiction.

### **Orientation and Continuing Education**

Orientation of new members of the Board is conducted informally by Management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

### **Ethical Business Conduct**

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by the Company's governing legislation and common law together with corporate statutory restrictions on an individual director's participation in Board decisions in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of

the Company.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

### **Compensation**

The Board has not established a formal compensation committee. Rather, the independent Board members are responsible for reviewing and determining the adequacy and form of compensation paid to the Company's directors, executives and key employees. The independent Board members evaluate the performance of senior management measured against the Company's business goals and industry compensation levels.

### **Board Committees**

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

The function of the Disclosure Committee is to implement the Disclosure and Insider Trading Policy of the Company, effective as of October 10, 2019. The members of the Disclosure Committee are Jonathan Summers, Director and Chairman of the Company, Tanek Amin, Chief Operations Officer of the Company and Genevieve Gagne, the Company's Corporate Secretary.

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

Pursuant to Section 224(1) of the British Columbia Business Corporations Act and National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") the Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

## **Composition of the Audit Committee**

The Audit Committee is comprised of the following members: Jonathan Summers, Bobby Doyon and Morten Borch. Mr. Borch is considered to be independent. Each member of the Audit Committee is considered to be financially literate, as defined by NI 52-110, in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Audit Committee designate a chair by a majority vote of the full Audit Committee membership.

## **Relevant Education and Experience**

All three Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

*Jonathan Summers* – Mr. Summers has an established background as an investment banker and senior executive in major asset management firms. He also has extensive experience working in, and investing in, pre-revenue companies.

*Bobby Doyon* – Mr. Doyon is a senior tax and corporate lawyer who regularly advises private and public companies on complex financial and regulatory matters.

*Morten Borch* – Mr. Borch has a legal background and significant professional experience with advising clients in tax related matters and other financial issues.

## **The Audit Committee's Charter**

The Company has adopted a Charter of the Audit Committee, a copy of which is attached hereto as Schedule "B".

## **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Committee to nominate or compensate an external auditor.

## **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Committee, on a case-by-case basis.

## External Auditor Service Fees

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

The fees paid by the Company to its auditor in respect of each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
June 30, 2019	\$41,820	Nil	\$2,350	\$5,000
June 30, 2018	\$11,475	Nil	\$1,350	Nil

## Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company’s comparative annual audited financial statements and management’s discussion and analysis (“**MD&A**”) for its most recently completed financial year, and will be available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by mail to Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

## DIRECTORS’ APPROVAL

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 15<sup>th</sup> day of October, 2019

## ON BEHALF OF THE BOARD OF DIRECTORS

“*Jonathan Summers*”

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Jonathan Summers  
Chairman & Director

**Schedule "A"**

**Omnibus Equity Incentive Compensation Plan**

**[See attached]**

## Schedule "B"

### Charter of the Audit Committee of the Board of Directors of EXMceuticals Inc. (the "Company")

#### 1. Purpose

- 1.1 The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
- (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
  - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2 The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3 The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

#### 2. Membership

- 2.1 Each member of the Audit Committee must be a director of the Company.
- 2.2 The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 2.3 The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

#### 3. Authority

- 3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;
  - (b) communicate directly with management and any internal auditor, and with the external audit or without management involvement; and
  - (b) approve interim financial statements and interim MD&A on behalf of the Board of Directors.

#### 4. Duties and Responsibilities

4.1 The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
  - i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
  - ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

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

## **5. Meetings**

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2 The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3 The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4 The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5 A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6 The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

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

5.8 The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

## **6. Reports**

6.1 The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

## **7. Minutes**

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