

**NAVCO PHARMACEUTICALS INC.**  
c/o Suite 1500, 1055 West Georgia Street  
Vancouver, British Columbia Canada V6E 4N7  
Telephone: 604 307-8290/Fax 604 909-2679

## **INFORMATION CIRCULAR**

as at April 23, 2024

(except as otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of NAVCO PHARMACEUTICALS INC. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Tuesday, June 4, 2024 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to “the Company”, “we” and “our” refer to NAVCO PHARMACEUTICALS INC. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. “Registered Shareholders” means a shareholder who holds Common Shares in their own name, and may be an intermediary who holds on behalf of a Beneficial Shareholder.

## **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 for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

The Company will pay intermediaries, including Broadridge Financial Solutions Inc. (“**Broadridge**”), to deliver proxy-related materials to the non-objecting beneficial shareholders (the “**NOBOs**”). The Company does not intend to pay for intermediaries to forward the proxy related materials to the objecting beneficial shareholders (the “**OBOs**”). Accordingly, OBOs will not receive such documents unless their respective Intermediaries assume the cost of forwarding such documents to them.

### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons 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.**

### **Voting by Proxyholder**

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:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**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.**

## Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders may choose one of the following options to submit their proxy by 10 o'clock a.m. (Pacific Time) at any time up to Friday, May 31, 2024:

- (a) To vote your Proxy Online please visit:  
<https://vote.odysseytrust.com> and click on LOGIN. You will require the CONTROL NUMBER printed with your address to the right on your proxy form. If you vote by Internet, do not mail the proxy;
- (b) By mail or personal delivery to Odyssey Trust Company, Attn: Proxy Department, Suite 702, 67 Yonge Street, Toronto, Ontario Canada M5E 1J8; or
- (c) By fax to Odyssey Trust Company Attn: Proxy Department 1-800 517-4553 (toll free within Canada and the U.S.) or 416-263-9524 (International).

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays, and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

## Beneficial Shareholders

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

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 Company. Such Common Shares will more likely be registered under the names 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), and in the United States (the "U.S."), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge mails a voting instruction form (a "**VIF**") in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to have the Common Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares.**

## Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

## Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by emailing the proxy bearing a later date to Odyssey at proxy@odysseytrust.com at any time up 10 o'clock a.m.. (Pacific Time) Friday, May 31, 2024 or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

To the best of our knowledge, except as otherwise disclosed herein, no director or executive officer of the Company, or any person who has held such a position since the beginning of the Company's completed September 30, 2023 financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor, the adoption of a new form share option plan, and as set out herein.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares without par value. The Company's Common Shares are listed on the TSX Venture Exchange ("TSXV") under stock symbol "NAV".

As of record date, April 23, 2024, there were 57,069,541 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, as at April 23, 2024, except as set forth below, there are no persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

Shareholder Name <sup>(1)</sup>	Number of Common Shares Held <sup>(1)</sup>	Percentage of Issued Common Shares
CDS & Co.	11,122,994	19.49%

Note:

<sup>(1)</sup> CDS & Co is a share depository, the beneficial ownership of which is unknown to the Company. The above information has been furnished to the Company by the Company's Transfer Agent, Odyssey Trust Company.

## Qualifying Transaction

Effective on April 13, 2023 BMGB Capital Corp. ("BMGB") closed a Qualifying Transaction where a share exchange agreement was entered into between BMGB and NAVCO Pharmaceuticals Inc. (a private company) resulting in NAVCO Pharmaceuticals Inc. being the resulting reporting issuer, whose shares commenced trading on the TSX Venture Exchange effective April 18, 2023 and with BGMB shares being delisted. Effective April 11, 2023, BMGB's name was changed to NAVCO Pharmaceuticals Inc.

### Escrow Shares

Under the Qualifying Transaction referenced above, the aggregate of the Common Shares of the resulting issuer, NAVCO Pharmaceuticals Inc., were placed in escrow pursuant to the resulting issuer escrow agreement dated April 13, 2023. The below named insiders of the Company hold the below Common Shares under the Escrow Agreement dated April 13, 2023 at record date, April 23, 2024:

<b>Name of Insider</b>	<b>Number of Shares held in Escrow</b>
100 THX Inc. <sup>(1)</sup>	1,033,149
Marek Jasinski	2,410,684
Chris Cooper	884,801
Thomas Jusdanis	1,147,945
Akbar Khan	286,985

Note:

<sup>(1)</sup> 100 THX Inc. is a private company owned and controlled by Marek Jasinski, a director of the Company.

### **FINANCIAL STATEMENTS**

In conjunction with the Qualifying Transaction, the Company changed its year end from December 31 to September 30. The consolidated audited financial statements of the Company for the Company's completed financial year ended September 30, 2023, the report of the auditor thereon and the related management's discussion and analysis were filed under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) on January 29, 2024 (the "**Financial Statements**"). The Financial Statements will be tabled at the Meeting and will be available at the Meeting.

### **ELECTION OF DIRECTORS**

#### **Number of Directors**

There are currently four (4) directors of the Company. The Board of Directors (the "**Board**") proposes to nominate for election at the Meeting, four (4) directors. Shareholders will be asked at the Meeting to approve an ordinary resolution to fix the number of directors to be elected to the Board at four (4).

At the Meeting, Shareholders will be asked to vote on the following ordinary resolution:

**"BE IT RESOLVED** that the number of directors for election at this Meeting be fixed at four (4)."

**Management recommends the Shareholders approve the resolution to fix the number of directors of the Company at four. Unless otherwise indicated on the form of Proxy received by the Company, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, in favour of the resolution to fix the number of directors of the Company at four (4).**

#### **Advance Notice Provisions**

The Company's Articles were SEDAR+ under the Company's SEDAR corporate profile at [www.sedarplus.ca](http://www.sedarplus.ca) on May 2, 2024. The Company's Articles include advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia); or (ii) a shareholder proposal made pursuant to the provisions of the BCBA.

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision to the Articles.

The Company has not received notice of a nomination in compliance with the Advance Notice Provision and, as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as director, all major offices and positions with the Company and any of its significant affiliates each now holds, the principal occupation, business or employment of each director nominee, the period of time during which each nominee has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

<b>Name of Nominee; Current Position with the Company and Province and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Marek Jasinski</b> Chief Operating Officer and Director Ontario, Canada	CEO of 100THX; Consultant respecting research and scientific advancement in the areas of genetics and particle physics.  <i>Refer to Director Biographies below.</i>	Officer and Director Since April 13, 2023	5,739,724 <sup>(2)</sup>
<b>Thomas Jusdanis</b> Director Ontario, Canada	Consultant and Licensed Real Estate Sales Representative.  <i>Refer to Director Biographies below.</i>	Since April 13, 2013	1,913,241 <sup>(3,6)</sup>
<b>Jatinder Dhaliwal</b> Director British Columbia, Canada	Registered Pharmacist.  <i>Refer to Director Biographies below.</i>	Since January 18, 2024	5,250,100 <sup>(4,6)</sup>
<b>Judy Su</b> Director British Columbia, Canada	Registered Pharmacist  <i>Refer to Director Biographies below.</i>	Since January 18, 2024	5,250,000 <sup>(5,6)</sup>

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees.
- (2) Marek Jasinski holds 350,000 incentive stock options at an exercise price of \$0.15 expiring on April 13, 2033; and 725,000 incentive stock options at an exercise price of \$0.05 expiring on March 14, 2034.
- (3) Thomas Jusdanis holds 350,000 incentive stock options expiring on April 13, 2033; and 725,000 incentive stock options at an exercise price of \$0.05 expiring on March 14, 2034.
- (4) Jatinder Dhaliwal holds 225,000 incentive stock options at an exercise price of \$0.05 expiring on March 14, 2034.
- (5) Judy Su holds 225,000 incentive stock options at an exercise price of \$0.05 expiring on March 14, 2034.
- (6) Member of Audit Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision (see above). Only persons nominated by management pursuant to this Information Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

## **Director Biographies**

### ***Marek Jasinski – COO and Director***

Marek Jasinski, a founding member of NAVCO Pharmaceuticals, boasts over two decades of leadership experience in multiple technology-driven start ups that have generated substantial revenue. His comprehensive expertise encompasses artificial intelligence, quantum mechanics, nanotechnology, and biotechnology. Marek excels in translating complex scientific principles into ground-breaking commercial solutions. At NAVCO, he is pioneering technologies to transform the health sciences through innovative nanoparticle-based methods. By leveraging innovative approaches to align medicinal substances with new methods of action, Marek is redefining the application of medical nanoparticles and broadening the company's reach in the pharmaceutical and wellness industries.

### ***Thomas Jusdanis – Director***

Thomas Jusdanis has a broad range of business skills with extensive, executive and management experience, from R&D, industrial development, restaurant operations and retail telecom industry for one the largest companies in Canada. Mr Jusdanis was the corporate secretary and director of a reporting issuer in Ontario for a start-up R&D company in the forefront of data transfer technology in the 80's. The company then transitioned into a 400,000 sq ft industrial property ownership and management. He went on to become President of a very successful internet start-up focusing a searchable online database of unclaimed assets. He was involved from its infancy when it started with a pay per call multi-line 900 service. The company soon expanded onto the Internet where no such online searchable database existed for unclaimed assets, generating millions of online searches.

### ***Jatinder Dhaliwal – Director***

Jatinder Dhaliwal is a registered pharmacist, CEO and director of multiple publicly traded companies listed in Canadian (CSE, TSX) and American (Nasdaq) exchanges. Mr. Dhaliwal is currently a director of a leading seed to patient cannabis producer based out of Europe and currently listed on the Nasdaq. In addition, he is an independent director of a Nasdaq listed premier marketing agency specialized in the liquor industry. He was previously CEO of a large retail cannabis operation, giving him an in depth knowledge at dealing with government agencies associated with liquor and cannabis boards. He has worked in an upper management role in a large national banner pharmacy utilizing his skills to drive growth at the consumer level and savings through supply chain negotiations. He has extensive knowledge in agricultural, medical, and pharmaceutical operations. Mr. Dhaliwal has overseen the acquisition and development of numerous projects, technology platforms and applications. He has overseen operations of numerous retail and commercial operations and implemented various health protocols and technology advances into health and wellness chains. Mr. Dhaliwal holds a Bachelor of Pharmacy from the University of British Columbia and a Bachelor of Science in biology from the University of Victoria.

### ***Judy Su --Director***

Judy Su was lead pharmacist at a national drug store for four years and has a vast understanding of large-scale retail distribution of scheduled drugs and medications. Currently, Ms. Su works as a pharmacist in the public sector, where she is instrumental in pharmaceutical practices of the province. Ms. Su graduated in 2012 at the University of British Columbia with bachelor's degree in pharmacy.

## **Cease Trade Orders and Bankruptcy**

Except as disclosed below, within the last 10 years before the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive 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 the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has 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;

- (d) 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
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

*Exception:*

Jatinder Dhaliwal

A Cease Trade Order was issued by the British Columbia Securities Commission on July 5, 2022 against Binovi Technologies Corp, a TSX Venture Exchange Issuer, of which Jatinder Dhaliwal is interim CEO, CFO and a director of, for failure to file its annual audited financial statements for the year ended February 28, 2022, Management's Discussion and Analysis and certification of the annual filings for the period ended February 28, 2022. This Cease Trade Order remains in effect.

A Cease Trade Order was issued by the British Columbia Securities Commission on December 2, 2020 against Jatinder Dhaliwal, CEO of Global Health Clinics Ltd. (referred to separately as the Insider), a Canadian Securities Exchange Company, for failure to file its annual audited financial statements for the year ended July 31, 2020, and a Form 51-102F1 Management's Discussion and Analysis for the period ended July 31, 2020. Global Health Clinics Ltd. filed its July 31, 2020 year end financial documents on December 2, 2020. The British Columbia Securities Commission issued a Revocation Order dated December 3, 2020.

A Cease Trade Order was issued by the British Columbia Securities Commission and the Ontario Securities Commission on December 3, 2021 against Global Health Clinics Ltd. for failure to file its annual audited financial statements for the year ended July 31, 2020, a Form 51-102F1 Management's Discussion and Analysis and certification of the annual filings for the period ended July 31, 2021. Global Health Clinics Ltd. filed its July 31, 2020 year end financial documents on December 10, 2021. The British Columbia Securities Commission and Ontario Securities Commission issued a Revocation Order dated December 14, 2021.

**Penalties or Sanctions**

No director, executive officer or promoter of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

The Company's directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests they may have in any project or opportunity of the Company. To the best of our knowledge, and other than as disclosed in the following paragraph, there are no known existing or potential conflicts of interest among the Company, our directors, officers or other members of management or of any proposed director, officer or other member of management as a result of their outside business interests.

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Company. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.**

**APPOINTMENT OF AUDITOR**

K.R. Margetson Ltd., Chartered Professional Accountant, of 331 East 5<sup>th</sup> Street, North Vancouver, British Columbia, will be nominated at the Meeting for the appointment as auditor of the Company. K.R. Margetson was appointed the Company's auditor on November 24, 2020.

**The Board recommends that you vote in favour of appointment of K.R. Margetson Ltd. Unless otherwise instructed, at the Meeting the proxyholders named in the Company's form of Proxy or Voting Instruction Form will vote FOR the appointment of K.R. Margetson Ltd. at a remuneration to be fixed by the directors.**

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

#### **Audit Committee Charter**

The Company's Audit Committee Charter is attached as Schedule "A" to this Information Circular.

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators ("**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.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

The current members of the Company's Audit Committee are Thomas Jusdanis, Jatinder Dhaliwal and Judy Su. All members of the Audit Committee are independent members.

All members are considered to be financially literate.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

#### **Relevant Education and Experience**

Each member of the Company's Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and provisions;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting

Refer to "**Director Biographies**" above of the members of the Audit Committee.

#### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

#### **External Auditor Service Fees**

Fees incurred for audit and non-audit services during the Company's completed financial year ended September 30, 2023, are outlined in the following table:

Nature of Services	Fees Billed by K.R. Margetson Ltd. During the Period Ended September 30, 2023
Audit Fees <sup>(1)</sup>	\$15,500
Audit-Related Fees <sup>(2)</sup>	Nil
Tax Fees <sup>(3)</sup>	Nil

Nature of Services	Fees Billed by K.R. Margetson Ltd. During the Period Ended September 30, 2023
All Other Fees <sup>(4)</sup>	Nil
Total	\$15,500

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

### ***Reliance on Certain Exemptions***

The Company is relying on the exemption in section 6.1 of NI 52-110, which exempts venture issuers, as defined in NI 52-110, from certain composition requirements of the audit committee and certain reporting obligations under NI 52-110 for their most recently completed financial year.

## **CORPORATE GOVERNANCE**

### **Board of Directors**

The Company does not have a stand-alone Corporate Governance Committee.

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 who are charged with the day-to-day management of the Company. The Company's board of directors (the "**Board**") is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the "**Governance Policy**").

The Governance Policy suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated", or "independent", directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the Governance Policy suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

The Company's current board consists of four board members. The independent members of the Company's board of directors are Thomas Jusdanis, Jatinder Dhaliwal and Judy Su. The non-independent director of the Company is Marek Jasinski by virtue of his position as COO of the Company.

### **Board Mandate**

Directors are considered to be independent if they have 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 a director's independent judgment.

The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

The Board will facilitate independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board will have access to the Company's external auditors, legal counsel and to any of the Company's officers.

The Board will have a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals.

The day-to-day management of the business and affairs of the Company will be delegated by the Board to the senior officers of the Company. The Board will give direction and guidance to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board will recommend nominees to the shareholders for election as directors, and immediately following each annual general meeting will appoint members of the Audit Committee.

The Board will exercise its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. To facilitate open and candid discussion among its independent directors, such directors will be encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

### **Position Description**

Because the Board is a small, working board, it has not developed written position descriptions and does not have a process for assessing the performance of the directors or the chair of Board committees.

### **Directorships**

The below named directors of the Company participate as a director for other listed companies as follows:

<b>Name</b>	<b>Name of Reporting Company</b>	<b>Name of Exchange or Market</b>
<b>Jatinder Dhaliwal</b>	Binovi Technologies Corp.	TSXV
	Global Health Clinics Ltd.	CSE

### **Orientation and Continuing Education**

When new directors are appointed they receive orientation, commensurate with their previous experience, on the Company's business, assets and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

The Board encourages ethical business conduct as a matter of sound business practice and by following the rules and regulations of the various regulating bodies governing reporting issuers. The Company requires the highest standards of professional and ethical conduct from its directors and officers.

### **Nomination of Directors**

The Company does not have a stand-alone nomination committee.

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board duties effectively and to maintain a diversity of views and experience.

The Board is responsible, among other things, for recommending candidates for nomination, appointment, election and re-election to the Board and its committees, and for annually assessing Board performance. The Board will assess potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

### **Other Board Committees**

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

## Assessments

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and Audit Committee.

### STATEMENT OF EXECUTIVE COMPENSATION

#### GENERAL

For the purposes of this Information Circular:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with the Form, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

#### DIRECTOR AND NAMED EXECUTIVE COMPENSATION

Based on the definition above, the current NEOs of the Company are: Geoffrey Lee, CEO, Christopher R. Cooper, CFO and Mark Jasinski, COO and Director. The current Directors who are not NEOs are: Jatinder Dhaliwal, Thomas Jusdanis and Judy Su.

In conjunction with and upon closing of the Qualifying Transaction referenced above, Akbar Khan and Peter Espig resigned from the Board of Directors, and Jatinder Dhaliwal and Ms. Judy Su, were appointed as directors of the Company to fill the vacancies created by those resignations.

#### TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

The following table provides information regarding compensation paid, payable, awarded to, or earned by the Company’s Chief Executive Officer and Chief Financial Officer, (together, the “**Named Executive Officers**”) and any director who is not a Named Executive Officer at completed financial year ended September 30, 2023.

Name and principal position	Year	Salary	Bonus	Committee or meeting fees	Value of Perquisites	Value of All other compensation	Total compensation
Geoffrey Lee, CEO <sup>(1)</sup>	2023	\$45,000	Nil	Nil	Nil	Nil	\$45,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Lucas Birdsall former CEO and Corporate Secretary and former Director <sup>(2)</sup>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Name and principal position	Year	Salary	Bonus	Committee or meeting fees	Value of Perquisites	Value of All other compensation	Total compensation
Christopher R. Cooper, CFO <sup>(3)</sup>	<u>2023</u>	\$30,100	Nil	Nil	Nil	\$1,500 <sup>(11)</sup>	\$31,600
	<u>2022</u>	\$36,000	Nil	Nil	Nil	\$4,500 <sup>(11)</sup>	\$40,500
Patrick O'Flaherty former CFO <sup>(4)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Marek Jasinski, COO <sup>(5)</sup>	<u>2023</u>	\$72,000	Nil	Nil	Nil	Nil	\$72,000
	<u>2022</u>	\$96,000	Nil	Nil	Nil	Nil	\$96,000
Thomas Jusdanis, Corporate Secretary and Director <sup>(6)</sup>	<u>2023</u>	\$20,700	Nil	Nil	Nil	\$34,833 <sup>(6)</sup>	\$55,533
	<u>2022</u>	\$52,800	Nil	Nil	Nil	\$69,666 <sup>(6)</sup>	\$122,466
Jatinder Dhaliwal Director <sup>(7)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Judy Su Director <sup>(8)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Peter Espig former Director <sup>(9)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Abkar Khan former Director <sup>(10)</sup>	<u>2023</u>	Nil	Nil;	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Brian Morrison former Director <sup>(11)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil
Sean Bromley former Director <sup>(12)</sup>	<u>2023</u>	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2022</u>	Nil	Nil	Nil	Nil	Nil	Nil

## Notes:

- (1) Geoffrey Lee was appointed CEO of the Company on April 13, 2023.
- (2) Lucas Birdsall served as a Director of the Company from April 21, 2018 to April 13, 2023. Mr. Birdsall served as CEO of the Company from June 1, 2018 to April 13, 2023. Mr. Birdsall served as Corporate Secretary of the Company from September 17, 2018 to April 13, 2023.
- (3) Christopher R. Cooper was appointed CFO of the Company on April 13, 2023.
- (4) Patrick O'Flaherty served as CFO of the Company from June 1, 2018 to April 13, 2023.
- (5) Marek Jasinski was appointed COO and a Director of the Company on April 14, 2023.
- (6) Thomas Jusdanis was appointed Corporate Secretary and a Director of the Company on April 14, 2023.

- (7) Jatinder Dhaliwal was appointed a Director of the Company on January 18, 2024.
- (8) Judy Su was appointed a Director of the Company on January 18, 2024.
- (9) Peter Espig served as a Director of the Company from April 13, 2013 to January 18, 2024.
- (10) Abkar Khan served as a Director of the Company from April 13, 2023 to January 18, 2024.
- (11) Brian Morrison served as a Director of the Company from June 1, 2018 to April 13, 2023.
- (12) Sean Bromley served as a Director of the Company from June 1, 2018 to April 13, 2023.

### Stock Options and Other Compensation Plans

As indicated in this Information Circular, on April 13, 2023, BMGB Capital Corp. (“**BMGB**”) completed a share exchange agreement with NAVCO Pharmaceutical Limited (“**Private Co**”). The transaction was a qualifying transaction pursuant to the policies of the TSX Venture Exchange. Under the terms of the agreement, Private Co shareholders exchanged 100% of their shares of Private Co and received 21,340,000 shares of BMGB. The resulting entity became the listed entity under the name of NAVCO Pharmaceuticals Inc. (the “**Company**”). A change of name from BMGB to NAVCO Pharmaceuticals Inc. under the *Business Corporations Act* (British Columbia) was effected on April 11, 2023.

#### *10% Rolling Share Option Plan (Option-Based Awards)*

The Company’s current stock option plan is a capital pool company “rolling” stock option plan which was SEDAR+ filed on September 28, 2018 (the “**2018 Option Plan**”). The 2018 Option Plan is a “rolling” share option plan and is a capital pool company plan under which up to 10% of the outstanding shares from time to time may be subject to option grants, does not specify a fixed and specific number of Common Shares that may be reserved for issuance thereunder. The 2018 Option Plan provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company’s long-term incentive scheme.

The key features of the 2018 Plan are as follows:

- The maximum number of common shares issuable under the 2018 Plan may not exceed in aggregate such number of common shares as is equal to 10% of the common shares issued and outstanding at the time of such grant; provided that, if the Company is a capital pool company (“CPC”), such number cannot exceed 10% of the aggregate number of common shares issued and outstanding upon completion of the Company’s initial public offering.
- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Company may determine upon the award of the options.
- The exercise price of options granted under the 2018 Plan shall be determined by the board of directors but shall not be lower than the last closing price for common shares of the Company as quoted on the TSX Venture Exchange, less any discount permitted by the TSX Venture Exchange, on the date of grant of the option, and provided that, if the Company is a CPC, the exercise price shall not be lower than \$0.10.
- The expiry date of an option shall be the earlier of the date fixed by the Company’s board of directors on the award date, and:
  - (a) in the event of the death or disability of the option holder while he or she is a director, officer, employee or consultant, 12 months from the date of death or disability of the option holder;
  - (b) in the event that the option holder ceases to be a director, employee or consultant other than by reason of death or disability, 90 days following the date the option holder ceases to be a director, employee or consultant (provided that if the Company is a CPC and the optionee does not carry on as a director, officer, consultant or employee of the Company upon completion of the Company’s Qualifying Transaction, the options shall be exercisable until the later of 12 months after the completion of such Qualifying Transaction and the 90th day after the Optionee ceases to be a director, officer, consultant or employee for any reason other than death, disability or cause);
  - (c) the 30th day after the optionee who is engaged in investor relations activities for the Company ceases to be employed to provide investor relations activities; and
  - (d) the date on which the optionee ceases to be a director, officer, consultant or employee by reason or termination of the optionee as an employee or consultant of the Company for cause (which, in the case of a consultant, includes any breach of an agreement between the Company and the consultant). The Plan may

be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

### **New Share Option Plan**

The TSX Venture Exchange accepted for filing a Qualifying Transaction. As a result, effective at the opening on April 18, 2023, the trading symbol for the Company changed from BMGB.P to NAV and the NAVCO, the resulting entity Company no longer being considered a Capital Pool Company.

In light of this information, as the Company is no longer a Capital Pool Company, on April 22, 2024 the Company's board of directors adopted a new form "rolling" share option plan to comply with the TSX Venture Exchange Policy 4.4. - *Security Based Compensation* and to reflect current practices (the "**New Option Plan**"). The TSX Venture Exchange conditionally approved the New Option Plan, subject to receipt of shareholder approval at the Meeting.

A copy of the New Option Plan is attached as Schedule "B" to this Information Circular, and will be presented to shareholders at the Meeting.

Refer to heading below "**PARTICULARS OF MATTERS TO BE ACTED UPON – Ratification of New Option Plan and for Continuation**" below.

### **Outstanding Compensation Securities**

The following table discloses all outstanding compensation securities outstanding to NEOs and Directors who were not NEOs during the Company's first completed financial year ended September 30, 2023 for services provided or to be provided, directly or indirectly, to the Company.

<b>Name and Position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class<sup>(1)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry Date</b>
Geoffrey Lee, <i>Chief Executive Officer</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033
Chris Cooper, <i>Chief Financial Officer</i>	Stock Options	250,000 (6.20%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033
Marek Jasinski, <i>Chief Operating Officer and Director</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033
Tom Jusdanis <i>Corporate Secretary and Director</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033
Akbar Khan, <i>former Director</i> <sup>(1)</sup>	Stock Options	150,000 (3.72%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033
Peter Espig, <i>former Director</i> <sup>(2)</sup>	Stock Options	200,000 (4.96%)	April 13, 2023	\$0.15	\$0.00	\$0.03	April 13, 2033

<sup>(1)</sup> Akbar Khan resigned as a director of the Company on January 18, 2024. Under the terms of the 2018 Option Plan, Mr. Khan had within 90 days to exercise his stock options from the date ceasing to be an Optionee. Mr. Khan's Options expired on April 17, 2024, without having been exercised.

<sup>(2)</sup> Peter Espig resigned as a director of the Company on January 18, 2024. Under the terms of the 2018 Option Plan, Mr. Espig had within 90 days to exercise his stock options from the date ceasing to be an Optionee. Mr. Espig's Options expired on April 17, 2024, without having been exercised

### ***Exercise of Compensation Securities by NEOs and Directors***

There were no compensation securities exercised by any of the NEOs or directors of the Company during financial year ended September 30, 2023.

### ***Employment, Consulting and Management Agreements***

The Company does not have any employment, consulting or management agreement or arrangement with any of the Company's current NEOs or directors.

### ***Oversight and Description of Director and Named Executive Officer Compensation***

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation currently is based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

#### Philosophy and Objectives

The compensation program for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

#### Base Salary

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

#### Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

#### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Option Plan in which certain securities are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

### ***Compensation Review Process***

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation currently is based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for

performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

#### Risks Associated with the Company's Compensation Program

The Board has assessed the Company's compensation plan and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with the plan and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plan and programs.

#### Benefits and Perquisites

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options or as otherwise disclosed and discussed herein.

#### Hedging by Directors or NEOs

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

#### ***Pension Disclosure***

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

#### **Related Party Transactions and Balances**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party when there is a transfer of resources or obligations between related parties.

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the year ended September 30, 2023, is \$167,800 (2022 - \$184,800). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Year ended September 30, 2023	Year ended September 30, 2022
	\$	\$
CEO management, accrued or paid	45,000	96,000
Former CEO management fees and director fees, accrued or paid	72,000	-
CFO and director management fees, accrued or paid	30,100	36,000
Management fees paid accrued or paid to director	20,700	52,800
Consulting fees paid or accrued to a company controlled by a director	34,833	69,666
Share based payments	193,267	-
Rent paid or accrued to CFO	1,500	4,500
<b>Total</b>	<b>397,400</b>	<b>258,966</b>

As at September 30, 2023, an amount of \$469,880 (2022 - \$558,825) was due to related parties for unpaid fees, lease and advances, and \$21,950 in loans (2022 - \$69,354). The amounts are unsecured, without interest and due on demand.

#### **Bonus Payments**

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through option-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses at financial year ended September 30, 2023.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has a 10% “rolling” share option plan.

The following table sets out its equity compensation plan information as at the end of the Company’s financial year ended September 30, 2023:

### Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans not approved by security holders - (Share Option Plan)	2,150,000	\$0.15	1,885,441
Equity compensation plans not approved by security holders –	N/As	\$N/A	N/A
<b>Total</b>	<b>2,150,000</b>		<b>1,885,441</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out in this Information Circular, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

“**Informed Person**” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

### MANAGEMENT CONTRACTS

Other than as set out in this Information Circular, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### Ratification of New Option Plan and for Continuation

The 2018 Option Plan as described above in this Information Circular under heading “*Statement of Executive Compensation – Stock Options and Other Compensation Securities*” is the currently existing share option plan of the Company. On April 22, 2024 the Company’s board of directors approved a new form option plan, the terms of which are compliant with TSX Venture Exchange’s updated Policy 4.4. (the “**New Option Plan**”).

The New Option Plan is also a rolling share option plan pursuant to which up to 10% of the outstanding shares may be reserved for issue from time to time.

The New Option Plan will govern option grants made after the date of the adoption of the New Option Plan. There are currently a total of 5,700,000 options outstanding under the 2018 Option Plan. Grants made under the 2018 Option Plan will be deemed to have been made under the New Option Plan and will be governed by the New Option Plan after the date the New Option Plan is ratified by the shareholders at the Meeting.

Shareholders will be asked at the Meeting to ratify and confirm the Company's New Option Plan dated for reference April 22, 2024.

Also, TSX Venture Exchange policy requires that a company's 10% equity compensation plan be approved for continuation at each annual shareholder meeting.

*Material Terms of the New Option Plan*

Capitalized terms used but not otherwise defined below shall have the meanings ascribed to such terms in the New Option Plan.

1. Service Provider – Service Providers are eligible for awards of Options under the New Option Plan. “**Service Provider**” means a person who is a Director, Officer, Employee, Management Company Employee, or Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers.
2. Maximum Shares – The maximum aggregate number of Common Shares that may be reserved for issuance under the New Option Plan, together with all other Security Based Compensation Plans, at any point in time is up to 10% of the Outstanding Shares as at the date of grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plans.
3. Limitations on Issue - The following restrictions on issuances of Options are applicable under the New Option Plan, together with all other Share Compensation Arrangements:
  - (a) Unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to any one Participant (and where permitted pursuant to the policies of the TSX Venture) any company that is wholly-owned by the Participant pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 5% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
  - (b) Unless Disinterested Shareholder approval is obtained, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 10% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
  - (c) Unless Disinterested Shareholder Approval is obtained the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company may not exceed 10% of the Outstanding Shares at any point in time;
  - (d) The maximum aggregate number of Common Shares that may be issuable to ay Consultant of the Company pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 2% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
  - (e) The maximum aggregate number of Common Shares that may be issuable to all Investor Relations Services Providers pursuant to Options granted or issued within any twelve (12) month period may not exceed 2%

of the Outstanding Shares calculated on the date of any Options and Investor Relations Services Providers may not receive any Security Based Compensation other than Options.

4. Maximum Percentage to Insiders –Subject to Disinterested Shareholder Approval, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company may not exceed 10% of the Outstanding Shares at any point in time.
5. Maximum Percentage to Insiders within any 12-month period - Subject to Disinterested Shareholder Approval, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 10% of the Outstanding Shares calculated on the date of grant of any new Security Based Compensation.
6. Exercise Price – The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Option Plan, and cannot be less than the Discounted Market Price (as defined in TSX Venture Exchange Policy 1.1).
7. Vesting of Options - Vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the New Option Plan, in the absence of a vesting schedule being specified at the time of grant, Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:
  - (a) the Participant remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
  - (b) the Participant remaining as a Director of the Company or any of its Affiliates during the vesting period.
8. Vesting of Options Granted to Investor Relations Service Providers - Options granted to Investor Relations Service Providers will vest such that:
  - (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
  - (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
  - (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
  - (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.
9. Term of Option – The term of an Option will be set by the Board at the time such Option is allocated under the New Option Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.
10. Optionee Ceasing to be a Director, Employee or Service Provider – Options may be exercised after the Participant has left his/her employ/office or has been advised by the Company or its subsidiary as applicable that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:
  - (a) in the case of the death of an Optionee, any vested Option held by him/her at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

- (b) an Option granted to any Participant will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date, and
  - (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.
11. Non-assignable – Except in the case of death of an Optionee, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.
12. Amendment of the Option Plan by the Board of Directors - Subject to the requirements of the TSXV Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion amend, or modify the New Option Plan or any Option granted as follows:
- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
  - (b) amendments of a housekeeping nature;
  - (c) it may make amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSXV;
  - (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market.
13. Amendments Requiring Disinterested Shareholder Approval - The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:
- (a) the Option Plan, together with any other Security Based Compensation, could result in:
    - (i) the aggregate number of Common Shares issuable pursuant to Security Based Compensation to Insiders (as a group) exceeding 10% of the Outstanding Shares at any time;
    - (ii) the aggregate number of Common Shares reserved for issuance to Insiders within a 12-month period exceeding 10% of the Outstanding Shares; or
    - (iii) the aggregate number of Common Shares issuable pursuant to Security Based Compensation granted or issued within any 12-month period to Insiders (as a group) exceeding 10% of the Outstanding Shares calculated at the date of grant or issue; or
  - (b) any reduction in the Exercise Price or the extension of the term of an Option held by an insider or any other amendment to an Option that results in a benefit to an Insider.
14. Take Over Bid - If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding other applicable vesting requirements or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture for vesting requirements imposed by the TSX Venture Policies.
15. Acceleration of Vesting on Change of Control – In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the

occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities. Notwithstanding the foregoing, no acceleration to the vesting schedule of one or more Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the TSXV.

16. Extension of Options Expiring during Black-out Period. - The Option Plan also contains provision for a “Black-out Period”. Should the Expiry Date for an Option fall within a Black-out Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Black-out Period, such tenth (10th) Business Day to be considered the Expiry Date for such Option for all purposes under the Option Plan, provided that such automatic extension of the Expiry Date for an Option will not apply where the Participant or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company’s securities.
17. Cashless Exercise – The Option Plan also contains a “cashless exercise” or “net exercise” basis. “Cashless exercise” is a method of exercising stock options in which a securities broker is engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade. “Net exercise” is a method in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares. An option holder does not make any payment to the issuer for the exercise of their options and receives on exercise a number of shares equal to the intrinsic value (current market price less the exercise price) of the option valued at the current market price. The current market price must be the 5-day volume weighted average trading price prior to option exercise. “Net exercise” may not be utilized by Options held by any Investor Relations Service Provider.

The foregoing information is intended to be a brief description of the New Option Plan and is qualified in its entirety by the full text of the New Option Plan attached as Schedule “B” to this Information Circular.

The New Option Plan has been conditionally approved by the TSX Venture Exchange, subject to receipt of shareholder approval at the Meeting. Pursuant to TSXV Policy 4.4., the Company must obtain approval of the New Option Plan from both the TSX Venture Exchange and the Shareholders, and for continuation of the New Option Plan annually.

### Shareholder Resolution

At the Meeting, shareholders will be asked to approve an ordinary resolution, to ratify, confirm and approve the New Option Plan dated for reference April 22, 2024, the text of which is set out below.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by simple majority of the votes cast in person or by proxy.

“**BE IT RESOLVED** as an ordinary resolution, with or without variation, that:

- (a) the New Option Plan dated for reference April 22, 2024, be and is hereby ratified, confirmed and approved until the next annual general meeting of the Company, and for continuation until the next annual meeting of the Company;
- (b) the number of Common Shares of the Company reserved for issuance under the New Option Plan shall not exceed 10% of the Company’s issued and outstanding share capital as set out in the New Option Plan;
- (c) subject to the effectiveness of the New Share Option Plan, all existing stock options of the Company’s 2018 Option Plan shall be governed by the terms of the New Share Option Plan;
- (d) the board of directors of the Company (the “**Board**”) or any committee thereof be and is hereby authorized, in its absolute discretion, to administer the New Share Option Plan and amend or modify the New Share

Option Plan in accordance with its terms and conditions and with the policies of the TSX Venture Exchange;

- (e) the Company is hereby authorized to allot and issue as fully paid and non-assessable that number of Common Shares granted to eligible Participants under the New Share Option Plan;
- (f) subject to the effectiveness of the New Share Option Plan, all existing stock options of the Company's current share option plan shall be governed by the terms of the New Share Option Plan;
- (g) option holders under the New Share Option Plan are permitted to exercise options on a "Cashless Exercise" or "Net Exercise" basis, with the exception of persons performing investor relation services;
- (h) any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds, and things and execute, under the seal of the Company or otherwise, all such documents as may be required to give effect to this resolution;
- (i) to the extent permitted by law, the Company be authorized to abandon all or any part of the New Share Option Plan if the Board deems it appropriate and in the best interest of the Company to do so; and
- (j) any one or more directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution."

A copy of the New Option Plan as attached to this Information Circular as Schedule "B", will be presented to shareholders at the Meeting.

**The directors of the Company unanimously recommend that shareholders vote in favour of the New Option Plan.**

**IT IS INTENDED THAT THE COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE NEW OPTION PLAN.**

#### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

#### **ADDITIONAL INFORMATION**

Financial information is provided in the report of the auditor, consolidated audited financial statements of the Company for its first completed financial year ended September 30, 2023, the auditor's report thereon and the related management discussion and analysis are filed under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Additional information relating to the Company is filed on [www.sedarplus.ca](http://www.sedarplus.ca) and upon request from the Company at telephone 604 307-8290/Fax 604 909-2679. Copies of documents will be provided free of charge to securityholders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

The contents of this Information Circular and its distribution to shareholders has been approved by the Board.

**DATED** at Vancouver, British Columbia, May 2, 2024.

#### **BY ORDER OF THE BOARD**

*"S/Geoffrey Lee"*

**Geoffrey Lee**  
**Chief Executive Officer**

**Schedule "A"**  
**NAVCO PHARMACEUTICALS INC.**  
**AUDIT COMMITTEE CHARTER**

**General**

The primary function of the Audit Committee is to assist the Board of Directors (the "Board") of NAVCO Pharmaceuticals Inc. ("NAVCO"), formerly BMGB Capital Corp. in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems established by management and NAVCO's external audit process and monitoring compliance with NAVCO's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between NAVCO's external auditors and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of NAVCO's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

**Relationship with External Auditors**

The external auditor is required to report directly to the Audit Committee. Opportunities shall be afforded periodically to the external auditor and to members of senior management to meet separately with the Audit Committee.

**Composition of Audit Committee**

The Committee membership shall satisfy the laws governing NAVCO and the independence, financial literacy and experience requirements under securities law, stock exchange and any other regulatory requirements as are applicable to NAVCO.

**Responsibilities**

1. The Audit Committee shall be responsible for making the following recommendations to the Board:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for NAVCO; and
  - (b) the compensation of the external auditor.
2. The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
  - (a) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
  - (b) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - (c) reviewing audited annual financial statements, in conjunction with the report of the external auditor;
  - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management; and

- (e) reviewing the evaluation of internal controls by the external auditor, together with management's response.
- 3. The Audit Committee shall review interim unaudited financial statements before release to the public.
- 4. The Audit Committee shall review all public disclosures of audited or unaudited financial information before release, including any prospectus, annual report, annual information form, and management's discussion and analysis.
- 5. The Audit Committee shall review the appointments of the chief financial officer and any other key financial executives involved in the financial reporting process, as applicable.
- 6. Except as exempted by securities regulatory policies, the Audit Committee shall pre-approve all non-audit services to be provided to NAVCO or its subsidiary entities by the external auditor.
- 7. The Audit Committee shall ensure that adequate procedures are in place for the review of NAVCO's public disclosure of financial information extracted or derived from NAVCO's financial statements, and shall periodically assess the adequacy of those procedures.
- 8. The Audit Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by NAVCO regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of NAVCO of concerns regarding questionable accounting or auditing matters.
- 9. The Audit Committee shall periodically review and approve NAVCO's hiring policies, if any, regarding partners, employees and former partners and employees of the present and former external auditor of NAVCO.
- 10. Meetings of the Audit Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

#### **Authority**

The Audit Committee shall have the authority to:

- 1. to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- 2. to set and pay the compensation for any advisors employed by the Audit Committee; and
- 3. to communicate directly with the external auditors.

**SCHEDULE "B"**

**NAVCO PHARMACEUTICALS INC.**

**NEW FORM 10% ROLLING SHARE OPTION PLAN**

**NAVCO PHARMACEUTICALS INC.**  
**(the “Company”)**

**SHARE OPTION PLAN**

**Dated for Reference April 22, 2024**

**ARTICLE 1**  
**PURPOSE AND INTERPRETATION**

**Purpose**

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies and any inconsistencies between this Plan and TSX Venture Policies will be resolved in favour of the latter.

**Definitions**

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Black-out Period** means a period during which a restriction has been formally imposed by the Company, pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information, on all or any of its Participants whereby such Participants are prohibited from exercising, redeeming or settling their Options, provided that any Black-out Period must expire following the general disclosure of the undisclosed material information;
- (c) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (d) **Cause** means “Just Cause” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its subsidiaries, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its subsidiaries, then any circumstance that would permit the Company or one of its subsidiaries to terminate a Participant’s employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (e) **Change of Control** means the occurrence of any of:
  - (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its Affiliates) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (British Columbia)) of, or acquires the right

to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization;

(ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);

(iii) the occurrence of a transaction requiring approval of the Company's security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);

(iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or

(v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;

(f) **Common Shares** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;

(g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its successors according to law;

(h) **Consultant** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:

(i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;

(ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;

(i) **Date of Termination** means, for a Participant, the last day that the Participant actively provides services to the Company or a subsidiary of the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Participant receives pay in lieu of notice, termination pay, severance payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;

- (j) **Director** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** has the meaning assigned by Policy 4.4 Sections 5.3(b) and (c) of the TSX Venture Policies;
- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
- (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
  - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (p) **Exchange Hold Period** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (q) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (r) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (s) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (t) **Investor Relations Service Provider** means any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;

- (u) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (v) **Management Company Employee** means an individual employed by a company providing management services to the Company, which services are required for the ongoing successful operation of the business enterprise of the Company;
- (w) **Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (x) **Officer** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Participant under this Security Based Compensation Plan;
- (z) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Participant and substantially in the form of Schedule A attached hereto;
- (aa) **Optioned Shares** means Common Shares that may be issued in the future to a Participant upon the exercise of an Option;
- (bb) **Optionee** means the recipient of an Option hereunder;
- (cc) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (dd) **Participant** means a Service Provider that is the recipient of Security Based Compensation granted or issued by the Company;
- (ee) **Person** includes a company, any unincorporated entity, or an individual;
- (ff) **Plan** means this security based share option plan, the terms of which are set out herein or as may be amended;
- (gg) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under this Plan as provided in §2.2;
- (hh) **Promoter** has the meaning given to such term in TSX Venture Policies;
- (ii) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over this Plan and any Options issued hereunder;
- (jj) **Securities Act** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;
- (kk) **Security Based Compensation** has the meaning given to such term in TSX Venture Policy 4.4 – *Security Based Compensation*;
- (ll) **Security Based Compensation Plan** has the meaning given to such term in TSX Venture Policy 4.4 – *Security Based Compensation*;

(mm) **Service Provider** means a Person who is a Director, Officer, Employee, Management Company Employee, or Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;

(nn) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;

(oo) **Take Over Bid** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;

(pp) **TSX Venture** means the TSX Venture Exchange and any successor thereto;

(qq) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time; and

(rr) **VWAP** means the volume-weighted average trading price of the Common Shares on the TSX Venture calculated by dividing the total value by the total volume of the Common Shares traded for the five trading days immediately preceding the exercise of the subject Option, provided that the TSX Venture may exclude internal crosses and certain other special terms trades from the calculation.

### **Other Words and Phrases**

1.3 Words and phrases used in this Plan but which are not defined in this Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

2.1 This Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 The maximum aggregate number of Common Shares that may be reserved for issuance under this Plan, together with all other Security Based Compensation Plans, at any point in time is up to 10% of the Outstanding Shares as at the date of grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plans.

## **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Participants from time to time by the Board. Participants that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

## **Options Granted Under this Plan**

2.4 All Options granted under this Plan will be evidenced by an Option Commitment substantially in the form attached as Schedule A (or in such other form as determined by the Company) showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

## **Limitations on Participation**

2.6 This Plan provides for the following limits on grants, unless otherwise permitted pursuant to the policies of the TSX Venture:

- (i) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to any one Participant (and where permitted pursuant to the policies of the TSX Venture, any company that is wholly-owned by the Participant) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 5% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
- (ii) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 10% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
- (iii) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company may not exceed 10% of the Outstanding Shares at any point in time;
- (iv) the maximum aggregate number of Common Shares that may be issuable to any Consultant of the Company pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 2% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation; and
- (v) the maximum aggregate number of Common Shares that may be issuable to all Investor Relations Services Providers pursuant to Options granted or issued within any twelve (12) month period may not exceed 2% of the Outstanding Shares calculated on

the date of grant of any Options and Investor Relations Services Providers may not receive any Security Based Compensation other than Options.

### **Exercised and Unexercised Options**

2.7 In the event an Option granted under this Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to this Plan and will be eligible for re-issuance.

### **Administration of this Plan**

2.8 The Board will be responsible for the general administration of this Plan and the proper execution of its provisions, the interpretation of this Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue this Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of this Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under this Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of this Plan so delegated to the same extent as the Board is hereby authorized so to do.

### **Amendment of this Plan by the Board of Directors**

2.9 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify this Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture; and
- (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market.

## **Amendments Requiring Disinterested Shareholder Approval**

2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) this Plan, together with any other Security Based Compensation Plans, or any particular grant or issue of Security Based Compensation, could result in:
  - (i) the aggregate number of Common Shares issuable pursuant to Security Based Compensation to Insiders (as a group) exceeding 10% of the Outstanding Shares at any time;
  - (ii) the aggregate number of Common Shares issuable pursuant to Security Based Compensation granted or issued within any 12 month period to Insiders (as a group) exceeding 10% of the Outstanding Shares calculated at the date of grant or issue; or
  - (iii) the aggregate number of Common Shares issuable pursuant to Security Based Compensation granted or issued within any 12 month period to any one Participant exceeding 5% of the Outstanding Shares calculated at the date of grant or issue; or
- (b) any reduction in the Exercise Price or the extension of the term of an Option held by an Insider or any other amendment to an Option that results in a benefit to an Insider.

## **Options Granted Under the Company's Previous Share Option Plans**

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under this Plan, and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 The term of an Option will be set by the Board at the time such Option is allocated under this Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

### **Option Amendment**

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 In respect of any proposed amendment to the terms of an Option, and except as otherwise provided under TSX Venture Policies:

- (a) any amendment must be approved by the TSX Venture, and be subject to shareholder approval, where applicable, prior to the exercise of such Option; and
- (b) the Company must issue a news release outlining the terms of the amendment.

### **Vesting of Options**

3.6 Subject to §3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under this Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Participant remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Participant remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **Vesting of Options Granted to Investor Relations Service Providers**

3.7 Notwithstanding §3.6, Options granted to Investor Relations Service Providers will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

### **Effect of Take-Over Bid**

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding §3.6 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole

or in part by the Optionee, subject to approval of the TSX Venture for vesting requirements imposed by the TSX Venture Policies.

### **Acceleration of Vesting on Change of Control**

3.9 In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities. Notwithstanding the foregoing, no acceleration to the vesting schedule of one or more Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the TSXV.

### **Extension of Options Expiring during Black-out Period**

3.10 Should the Expiry Date for an Option fall within a Black-out Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10<sup>th</sup>) Business Day after the end of the Black-out Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan, provided that such automatic extension of the Expiry Date for an Option will not apply where the Participant or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company's securities.

### **Optionee Ceasing to be Director, Employee or Service Provider**

3.11 Options may be exercised after the Participant has left his/her employ/office or has been advised by the Company or its subsidiary, as applicable, that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him/her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Participant will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

### **Non-assignable**

3.12 Subject to §3.11(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment of the Number of Optioned Shares**

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.13;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.13, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.13, such questions will be conclusively determined by the Company's auditors, or, if they decline to so

act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and

(h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under this Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

## **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to this Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

### **Manner of Exercise**

4.2 An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to §4.5.

### **Cashless Exercise**

4.3 Subject to the provisions of this Plan (including, without limitation, §4.5) and, upon prior approval of the Board, once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options held by any Investor Relations Service Provider, a "net exercise" procedure in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
- (b) a broker assisted "cashless exercise" in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this §4.3 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with §4.5 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 In the event of a net exercise pursuant to §4.3(a) or a cashless exercise pursuant to §4.3(b), the number of Options exercised, surrendered or converted, and not the number of Common Shares actually issued by the Company, must be included in calculating the limits set forth in §2.2, §2.6 and §2.10 of this Plan.

### **Tax Withholding and Procedures**

4.5 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in §4.5 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

### **Delivery of Optioned Shares and Hold Periods**

4.6 As soon as practicable after receipt of the notice of exercise described in §4.2 or §4.3, as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. Wherever required under TSX Venture Policies, an Exchange Hold Period will be applied from the date of grant, including for all Options granted to:

- (a) Directors, Officers, Promoters or Consultants of the Company;
- (b) Persons holding securities carrying more than 10% of the voting rights attached to the Company's securities both immediately before and after the transaction in which the securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company; or

(c) where Options are granted to any Participants, including those noted in (a) and (b) above, where the Exercise Price is less than the applicable Market Price.

4.7 Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the Effective Date of the grant of the Options.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

5.1 Nothing contained in this Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company or a subsidiary of the Company, or interfere in any way with the right of the Company or a subsidiary of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in this Plan by an Optionee is voluntary.

### **No Representation or Warranty**

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of this Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Participant. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Interpretation**

5.3 This Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Continuation of Plan**

5.4 This Plan will become effective from and after June 4, 2024, and will remain effective provided that this Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

### **Amendment of this Plan**

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate this Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of this Plan will be subject to any necessary Regulatory Approvals and Shareholder Approval.

**SCHEDULE A**  
**SHARE OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, pursuant to the provisions of the Share Option Plan (the “Plan”) of NAVCO Pharmaceuticals Inc. (the “Company”), the Company has granted to \_\_\_\_\_ (the “Optionee”), an Option to acquire \_\_\_\_\_ Common Shares (“Optioned Shares”) up to 5:00 p.m. (Vancouver Time) on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Expiry Date”), or such earlier date as determined in accordance with the terms of this Plan, at an Exercise Price of Cdn\$ \_\_\_\_\_ per share.

[Optioned Shares are to vest immediately.]

**OR**

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a “net exercise” basis or “cashless exercise” basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company’s Board of Directors approves the exercise on a “net exercise” basis or “cashless exercise” basis, deliver a written notice and comply with such other conditions as established by the Company for a “net exercise” or “cashless exercise”. A certificate, or a written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[*Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.*]

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR

OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN  
RESIDENT UNTIL *[insert date 4 months from the date of grant of the Options].*”

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under the TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the TSX Venture Policies) by both the Company and the TSX Venture Exchange as more particularly set out in the Acknowledgement - Personal Information form in use by the TSX Venture Exchange on the date of this Option Commitment.

**NAVCO PHARMACEUTICALS INC.**

Per:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
*[insert name and title of authorized signatory]*

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

**OPTIONEE:**

\_\_\_\_\_  
Signature Date signed:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

**SCHEDULE B**

**SHARE OPTION PLAN**

**NOTICE TO EXERCISE OPTIONS**

**NAVCO PHARMACEUTICALS INC.**

**Attention: Share Option Plan Administrator**

Re: Employee Share Option Exercise

Attn: Share Option Plan of NAVCO Pharmaceuticals Inc. (the "Company")

This letter is to inform the Administrator of the Company's Share Option Plan that I, \_\_\_\_\_, wish to exercise \_\_\_\_\_ options, at \_\_\_\_\_ per share, on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Payment issued in favour of *[insert the name of the Company]* for the amount of \$ \_\_\_\_\_ will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Please send share certificate to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Sincerely,

\_\_\_\_\_  
Signature of Optionee

\_\_\_\_\_  
Date

\_\_\_\_\_  
SIN Number (for T4)