

**VENTRIPOINT DIAGNOSTICS LTD.**

**2 Sheppard Avenue East, Suite 605  
Toronto, Ontario, Canada, M2N 5Y7**

**INFORMATION CIRCULAR**

**PURPOSE OF SOLICITATION**

**THIS MANAGEMENT INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF VENTRIPOINT DIAGNOSTICS LTD. (THE "CORPORATION") FOR USE AT THE ANNUAL AND SPECIAL MEETING (THE "MEETING") OF SHAREHOLDERS OF THE CORPORATION (THE "SHAREHOLDERS") TO BE HELD AT THE CONFERENCE CENTRE, SUITE 310, 2 SHEPPARD AVENUE EAST, TORONTO, ONTARIO ON THURSDAY AUGUST 15, 2019 AT 2:00 PM EASTERN STANDARD TIME, AND AT ANY ADJOURNMENTS THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by employees of the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the common shares of the Corporation ("**Shares**"). The cost of any such solicitation will be borne by the Corporation. Unless expressly stated otherwise, all information contained in this Information Circular is given as of 11<sup>th</sup> day of July, 2019.

**VOTING OF PROXIES**

All Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Shares represented by the proxy will be voted or withheld from voting in accordance with such specifications. **IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT HEREIN.**

**THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR, THE CORPORATION IS NOT AWARE OF ANY AMENDMENTS TO, OR VARIATIONS OF, OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING. IN THE EVENT THAT OTHER MATTERS COME BEFORE THE MEETING, THEN THE MANAGEMENT DESIGNEES INTEND TO VOTE IN ACCORDANCE WITH THE JUDGMENT OF THE MANAGEMENT OF THE CORPORATION.**

Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Computershare, Attn: Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Tel: 1(800)564-6253, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or any adjournment thereof.

**APPOINTMENT OF PROXY**

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN GEORGE ADAMS OR DANNY DALLALONGA, THE MANAGEMENT DESIGNEES, TO ATTEND AND ACT FOR HIM OR HER AT THE MEETING.** Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy with the transfer agent of the Corporation,

Computershare, Attn: Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or an adjournment of the Meeting.

### REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A Shareholder may revoke a proxy by depositing an instrument in writing, executed by him or his attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the Corporation:

- (a) at the office of the transfer agent of the Corporation, Computershare, Attn: Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or an adjournment of the Meeting.
- (b) at the registered office of the Corporation, Livingston Place West, Suite 1000, 250 – 2<sup>nd</sup> St. S.W., Calgary, Alberta, T2P 0C1, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
- (c) with the chairman of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder by executing another form of proxy bearing a later date and depositing same at the offices of the Corporation within the time period set out under the heading "Voting of Proxies", or by the Shareholder personally attending the Meeting and voting his Shares.

### ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES ON VOTING COMMON SHARES

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares in their own name.** Shareholders who do not hold their Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depositary for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("**Broadridge**") (formerly ADP Investor Communications Corporation). Broadridge typically prepares a Voting Instruction Form ("**VIF**") and mails the VIF to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIF to Broadridge. Often Beneficial Shareholders are provided with a toll-free telephone number or a website address through either of which their Shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Shares directly at the Meeting. The VIF must**

**be returned to Broadridge well in advance of the Meeting in order to have the Shares voted at the Meeting.** If you have any questions respecting the voting of Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "**OBOs**".

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice-and-access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the VIF provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Shares without par or nominal value, of which 62,099,834 Shares are issued and outstanding as at the Record Date (as defined below) and entitled to vote at the Meeting on the basis of one vote for each Share held.

The holders of Shares of record at the close of business on the Record Date, which pursuant to the Corporation's by-laws and the *Canada Business Corporations Act* (the "**CBCA**") is the close of business on July 11, 2019 (the "**Record Date**"), are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

- (a) such person transfers his Shares after the Record Date; and
- (b) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his ownership to the Shares and makes a demand to the Corporation, not later than 10 days before the Meeting, that his name be included on the shareholders' list.

The by-laws of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled and representing in the aggregate not less than 10% of the outstanding shares of the Corporation carrying voting rights at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the close of business on Thursday, July 11, 2019, no person beneficially owns, or controls or directs, directly or indirectly, securities carrying more than 10% of the voting rights attached to the Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (a) the receipt of the financial statements of the Corporation; (b) the election of directors of the Corporation; (c) the appointment of an auditor of the Corporation for the ensuing year; and (d) the approval of the Corporation's incentive stock option plan.

### A. Receipt of Financial Statements

The Directors will place before the Meeting the consolidated financial statements for the year ended December 31, 2018, together with the auditors' report thereon. Shareholder approval is not required in relation to these financial statements.

### B. Setting the Number of Directors

The Board of Directors currently consists of five (5) directors. It is proposed that the number of directors for the ensuing year be set at five (5) and that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation unless his office is earlier vacated in accordance with the provisions of the CBCA or the Corporation's by-laws. **IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE RESOLUTION SETTING THE NUMBER OF DIRECTORS AT THE MEETING AT FIVE (5) MEMBERS.**

### C. Election of Directors

The Board of Directors has adopted an individual voting policy for the election of directors at the Meeting. Under the majority voting policy, in the event that a nominee for director receives a greater number of votes "withheld" than votes "for" his election as a director, the Board of Directors shall consider the circumstances of such vote, the particular attributes of the director nominee including his knowledge, experience and contribution at Board of Directors meetings and make whatever determination the Board of Directors deems appropriate, including without limitation, requesting such director to resign at an appropriate time and advise shareholders of the Board of Directors' decision in that regard. This policy applies only to uncontested elections, meaning elections where the number of nominees for directors is equal to the number of directors to be elected. The Board of Directors may fill any vacancy created by any such resignation or determine to leave the resulting vacancy unfilled.

Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

As at the date hereof, the proposed directors named below and Named Executive Officers (as defined herein) of the Corporation currently, directly or indirectly, own or exercise control or direction over 460,967 Shares or 0.74% of the issued and outstanding Shares. As at the date hereof, the proposed directors and such officers of the Corporation hold stock options to purchase 2,440,000 Shares, warrants to purchase 1,719,000 Shares, \$233,000 of Convertible Debentures convertible into 1,503,226 Shares and Deferred Share Units for 412,500 Shares for fully diluted holdings of 6,535,693 Shares (6.58% fully diluted).

The following information relating to the nominees as directors is based on information received by the Corporation from said nominees. Detailed Biographical information is set out below.

Name of Nominee, Residence, Position with Ventripoint	Director Since	Independence	Committee Membership	Voting Securities beneficially owned, or controlled directly or indirectly				
				Common Shares	Options	Deferred Share Units	Convertible Debenture Shares	Warrants
Dr. George Adams Guleph, ON Director & CEO	Oct. 2010	Non- Independent	Audit Nomination & Corporate Governance	-	790,000	-	1,503,226	1,719,000
Danny Dalla-Longa Calgary, AB Director	May, 2005	Independent	Audit Compensation	414,092	225,000	142,500	-	-
Dr. Donald Segal Stouffville, ON Director	Feb. 2016	Independent	Audit Compensation	46,875	200,000	75,000	-	-
David Willis Woodinville, WA Director	Nov. 2015	Independent	Nominating & Corporate Governance	-	125,000	97,500	-	-
Dr. Alan Rabinowitz Vancouver, B.C. Director	Dec. 2015	Independent	Nominating & Corporate Governance	-	125,000	97,500	-	-

### Biographical Information

#### Dr. George Adams

Dr. Adams has been CEO and Director of the Corporation since October 2010, as well as President from October 2010 to December 2017 when he relinquished his title to facilitate the promotion of Desmond Hirson to President. Dr. Adams was previously Chairman of Sernova Corp. (TSXV:SVA), President and CEO of Amorfix Life Sciences Ltd. (TSX:AMF) from 2005 to 2010, prior to which he was President of U of T Innovations Foundation. Prior to this, he held research and executive positions with Boston Scientific Inc, Pfizer Inc, Corvita Canada Inc., University of Ottawa and Canadian Red Cross, Blood Transfusion Service. He has been instrumental in founding over 30 companies which have raised \$100 million in funding and has been a Director of 10 venture capital funds and 10 start-up companies. Dr. Adams has a Ph.D - Medical Sciences from McMaster University and a MSc in Biomedical Engineering from the University of Waterloo.

#### Mr. Danny Dalla-Longa

Mr. Dalla-Longa is the CEO and Director of Flurotech Ltd., a TSXV listed company. Previously, Mr. Dalla-Longa served as CEO of Dalco Capital and Vice President of Corporate Finance at several brokerage firms. Mr. Dalla-Longa was a partner in the corporate finance and business valuations group of a major international accounting firm for 18 years. He also served as the MLA for Calgary-West from 1993 to 1997 as the Energy Critic in the Alberta Legislature and as Calgary caucus chair. Mr. Dalla-Longa has served on various public company boards of directors and on the audit committees of such boards. Mr. Dalla-Longa holds a Bachelor of Commerce from the University of Calgary, is a Chartered Public Accountant and has also been a senior member of the American Society of Appraisers and a Certified Business Appraiser.

**Dr. Donald Segal**

Dr. Segal has been Chairman and CEO of United Biopharmaceuticals Inc. since 2013. Previously, Dr. Segal was the founder, Chairman and CEO of Joldon Diagnostics, which amalgamated with Intercon Pharma and Helix Biotech to form Helix BioPharma Corp (TSX:HBP). Dr. Segal has over 40 years experience in managing start-ups through to commercialization in the healthcare industry. He has founded and managed two life science companies that he subsequently sold; these companies manufactured human diagnostic test kits for both the domestic and international markets. He has also served on the Biotechnology Panel for the Natural Sciences and Engineering Research Council of Canada as one of the representatives from the business sector involved in the research granting system. Dr. Segal has a Ph.D. in Medical Sciences from the University of Guelph.

**Mr. David Willis**

Mr. Willis is a co-founder and Chief Strategy Officer at Clarius Mobile Health Corp., which produces wireless ultrasound on mobile devices. Previously he was Vice President Competitive Strategy and Product Innovation at SonoSite-Fujifilm Ultrasound, where he was responsible for design input, launch and global training of 4 major product releases. He also served as Vice President of Sales and Marketing the Americas for Ultrasonix Medical Corp, where he managed sales forces in Canada, U.S.A, and South America. He had previously been with SonoSite Ultrasound as Vice President of General Imaging Business Unit, where he helped grow sales to \$65 million, and as Director of Product Marketing. Mr. Willis was trained as a sonographer and had clinical appointments at the Health Sciences Center and the Misericordia General Hospital in Winnipeg, Manitoba, Canada. He completed business training at Wharton Business School.

**Dr. Alan Rabinowitz**

Dr. Rabinowitz is a cardiologist. He is the President of the Medical Staff of St Paul's Hospital, Vancouver, a Clinical Associate Professor at the University of British Columbia, and co-founder of PHEMI Health Systems Inc. serving as Chief Medical Officer. Dr. Rabinowitz received his medical degree from the University of Cape Town, South Africa, completed his internal medicine and cardiology training at the University of Toronto and undertook subsequent training in interventional cardiology at St. Paul's Hospital in Vancouver. In his previous capacity as Director of the Coronary Care Unit at St Paul's Hospital, Dr Rabinowitz recognized the critical importance of disruptive data solutions in transforming healthcare to enhance patient care, research and innovation, and improve sustainability of the healthcare ecosystem. This inspired the collaboration with data scientists and technology entrepreneurs out of which PHEMI Health Systems emerged.

**Cease Trade Orders**

To the knowledge of the Corporation, no proposed director is, as of the date of this Information Circular, or was within 10 years prior to the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation and which order was in effect for a period of more than 30 consecutive days while they were acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than 30 consecutive days after he ceased to be a director, chief executive officer or chief financial officer of such corporation and which resulted from an event that occurred while he was acting in such capacity.

**Bankruptcies**

To the knowledge of the Corporation, no proposed director is, as of the date of this Information Circular, or was within 10 years prior to the date of this Information Circular, a director or executive officer of a company (including the Corporation) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no proposed director of the Corporation has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties and Sanctions**

To the knowledge of the Corporation, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD OF DIRECTORS UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS SHARES ARE TO BE WITHHELD FROM VOTING ON THE ELECTION OF DIRECTORS.**

Management does not contemplate that any of such nominees will be unable to serve as directors; however, if, for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her proxy that his Shares are to be withheld from voting in the election of directors.

### **D. Appointment of Auditors**

The Corporation recommends that BDO Canada LLP ("**BDO**"), be appointed as auditors of the Corporation, to hold office until the next annual meeting of the Corporation at such remuneration as may be fixed by the Board of Directors. BDO have been the auditors for the Corporation since August 17, 2007.

**THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE THE SHARES REPRESENTED BY ANY SUCH PROXY FOR THE APPOINTMENT OF BDO, AS AUDITORS OF THE CORPORATION FOR THE ENSUING YEAR AT A REMUNERATION TO BE FIXED BY THE BOARD OF DIRECTORS, UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS OR HER PROXY THAT THE SHARES ARE TO BE WITHHELD FROM VOTING.**

### **E. Stock Option Plan**

The policies of the TSX Venture Exchange ("**TSXV**") require all listed companies with a 10% rolling stock option plan to obtain shareholder approval of such plan on an annual basis. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the stock option plan of the Company (the "**Plan**"). The Company's Plan was previously approved by shareholders on August 13, 2018. The Plan is described below. The full text of the Plan is set out and attached hereto as Schedule "A".

The Plan provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Shares. The Plan provides for a floating maximum limit of 10% of the outstanding Shares including any Common Shares reserved for issuance under outstanding incentive stock options, employee stock purchase plan or any other compensation or incentive mechanism, as permitted by the Policies of the TSXV. As at the date hereof, this represents 6,209,983 Shares available under the Plan. To date, options to purchase a total of 3,165,000 Shares (51%) have been issued to directors, officers, employees and consultants of the Corporation and remain outstanding.

Unless disinterested Shareholder approval is obtained, the number of Shares reserved for issuance to any one person (other than consultants and employees performing investor relations activities) may not exceed 5% of the outstanding Shares. The number of Shares reserved for issuance to consultants and employees performing investor relations activities may not exceed 2% of the outstanding Shares. The Board of Directors determines the price per Share and the number of Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the TSXV. The price per Share set by the Board of Directors is subject to minimum pricing restrictions set by the TSXV.

Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options under the Plan are not transferable or assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of Shares purchasable by the holder immediately prior to the time of his or her cessation of office or employment and the holder shall have no right to purchase any other Shares. Pursuant to the Plan, options must be exercised within a reasonable period following termination of employment or cessation of the optionee's position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one (1) year, subject to the expiry date.

Management of the Corporation believes that it would be in the best interest of the Corporation to approve the Plan to encourage the interest of directors, officers, employees and consultants of the Corporation and its affiliates in the growth and development of the Corporation and its affiliates by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Corporation.

The Plan is subject to the approval of the TSXV and the approval of the Shareholders, as required by the rules of the TSXV.

At the Meeting, the Shareholders will be asked to approve the following resolution:

**"BE IT RESOLVED THAT:**

- (a) the incentive stock option plan of the Corporation, as described in the Information Circular of the Corporation dated July 11, 2019 be and is hereby ratified and approved;
- (b) any one director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and
- (c) the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the Shareholders."

The foregoing resolution must be passed by a majority of the votes cast by Shareholders who vote on the resolution at the Meeting. If the Plan is not ratified by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees, consultants and other personnel. **IF NAMED AS PROXY, THE MANAGEMENT DESIGNEES INTEND TO VOTE THE SHARES REPRESENTED BY SUCH PROXY FOR APPROVAL OF THE PLAN, UNLESS OTHERWISE DIRECTED IN THE INSTRUMENT OF PROXY.**

### **STATEMENT OF EXECUTIVE COMPENSATION**

Form 51-102F6 *Statement of Executive Compensation*, defines "Named Executive Officers" as the Chief Executive Officer, the President, the Chief Financial Officer and each of Ventripoint Diagnostics Ltd.'s and/or its wholly owned subsidiary, Ventripoint Inc.'s (together, the "**Corporation**") three most highly compensated officers other than the Chief Executive Officer, President and Chief Financial Officer, whose total compensation was, individually, more than \$150,000 for that financial year.

#### **Compensation Discussion and Analysis**

The Corporation's executive compensation program is comprised of the following components: base salary and discretionary annual incentive and long-term incentives. Together, these components support the Corporation's long-term growth strategy and the following objectives:

- to align executive compensation with Shareholders' interests;
- to attract and retain highly qualified management; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Corporation's long-term growth strategy and delivering strong total Shareholder return performance.

The Corporation reviews industry compensation information and compares its level of overall compensation with those of comparable sized companies in its industry and at a similar phase of development. Generally, the committee targets base salaries at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve comparable total compensation levels through the fixed and variable components.

The Corporation's total compensation takes into account individual and corporate performance. Compensation practices, including the mix of base salary and short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Corporation's long-term growth strategies.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

The Corporation's Stock Option plan and Deferred Share Unit Plan are designed to provide an incentive to achieve the longer-term objectives of the Corporation.

The Corporation's Compensation Committee monitors the risk level of the Corporation's executive compensation program by ensuring that the compensation framework, which consists of a base salary and long-term incentives in the form of stock options and deferred share units, is structured to align the interests of the Corporation's Named Executive Officers and other employees with the interests of the Corporation. The Compensation Committee and the Board of Directors is satisfied that there were not any identified risks arising from the Corporation's compensation plans or policies that would have had any material adverse effect on the Corporation.

The Corporation also has an Employee Trading and Insider Trading and Reporting Policy in place which restricts all directors, officers and employees of the Corporation who may have knowledge of undisclosed material facts or material changes with respect to the Corporation from short selling, or trading in puts or calls of securities of the Corporation.

### ***Stock Option Plan***

Stock options are granted pursuant to the Stock Option Plan of the Corporation to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing Stock Option Plan are the responsibility of the Board of Directors.

### ***Deferred Share Unit Plan***

The purpose of the Deferred Share Unit Plan (DSU Plan) is to provide an alternative form of compensation to satisfy annual and special bonuses payable to Directors of the Corporation and its subsidiaries. The DSU Plan provides that the Board of Directors, in its sole discretion, may, from time to time, issue deferred share units (DSUs) to any Eligible Person at the time of declaring or awarding any bonuses. The number of DSUs granted is determined by dividing the applicable bonus amount by the fair market value of the Shares as at the last trading day before the award date, where the fair market value is defined as the five-day volume weighted average trading price on the TSXV Exchange. Currently, the maximum number of Shares that may be reserved for issuance under the DSU Plan is 600,000 Shares. DSU's may not be re-issued, after expiry or exercise. The total number of DSU's in the plan have been granted in prior years, of which 37,500 have expired unused and 150,000 have been exercised prior to 2018.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers during the financial years ended December 31, 2018, 2017 and 2016.

Name and Principal Position	Year Ended Dec. 31	Paid Salary	Accrued Salary <sup>(1)</sup>	Total Salary	Bonus	Option-Based Awards <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	Total Compensation
Dr. George Adams <sup>(4)</sup> <i>CEO</i>	2018	\$154,950	\$92,970	\$247,920	-	\$17,557	\$4,341	\$269,818
	2017	\$247,920	-	\$247,920	-	\$121,875	\$1,447	\$371,242
	2016	\$213,960	\$33,960	\$247,920	-	\$15,960	-	\$263,880
Desmond Hirson <sup>(5)</sup> <i>President</i>	2017	\$150,000	\$50,000	\$200,000	\$50,000	\$63,465	\$4,457	\$317,922
	2017	\$83,335	-	\$83,335	\$25,000	\$69,981	\$1,486	\$179,802
	2016	-	-	\$0	-	-	-	-
Ellen Briant <sup>(6)</sup> <i>CFO</i>	2017	\$95,438	\$17,062	\$112,500	-	\$8,779	\$4,457	\$125,736
	2017	\$109,500	-	\$109,500	\$50,000	\$56,400	\$1,486	\$217,386
	2016	\$90,000	\$18,000	\$108,000	-	\$3,198	-	\$111,198
Mehran Mehrtash <sup>(7)</sup> <i>Vice-President, Worldwide Distributor Sales</i>	2018	\$194,400	-	\$194,400	\$26,425	\$54,310	\$21,773	\$296,908
	2017	\$97,350	-	\$97,350	\$35,695	\$67,839	\$10,903	\$211,787
	2016	-	-	-	-	-	-	-

**Notes:**

- (1) At December 31, 2018 the Corporation's accrued liabilities balance included accrued payroll due to management as follows: Dr. Adams, CEO - \$337,590, Mr. Hirson, President - \$112,500, and Ms. Briant, CFO - \$17,063
- (2) Based on the grant date fair value of the stock options estimated at the date of grant using the Black-Scholes option pricing model and recognized as the options vest.
- (3) Premiums paid by the Corporation for the employee medical/dental/vision plans.
- (4) Dr. Adams was appointed President and Chief Executive Officer of the Corporation effective October 1, 2010, and relinquished the title of President in December, 2017 to facilitate the promotion of Mr. Hirson.
- (5) Mr. Hirson joined the Corporation on August 1, 2017, and was appointed President, effective December, 2017.
- (6) Ms. Briant was appointed Chief Financial Officer of the Corporation effective February 28, 2013.
- (7) Mr. Mehrtash joined the Corporation's subsidiary on July 1, 2017 and left the Corporation January 24, 2019. Mr. Mehrtash was paid in US\$. Compensation values for Mr. Mehrtash are shown in Canadian dollars.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Corporation outstanding at the end of the financial year ended December 31, 2018. Named Executive Officers do not participate in the DSU plan share based incentive awards.

Option-based Awards					
Name	# of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Granted options vested as of Dec. 31, 2018
George Adams	150,000	\$0.31	6/22/2023	-	25,000
	400,000	\$0.32	8/14/2022	-	400,000
	165,000	\$0.80	9/18/2019	-	165,000
Ellen Briant	75,000	\$0.31	6/22/2023	-	12,500
	100,000	\$0.32	8/14/2022	-	100,000
	100,000	\$0.32	5/02/2022	-	100,000
Desmond Hirson	100,000	\$0.31	6/22/2023	-	16,666
	500,000	\$0.32	8/14/2022	-	260,416
Mehran Mehrtash	250,000	\$0.32	7/1/2022	-	187,500
Mehran Mehrtash	250,000	\$0.32	8/14/2022	-	104,166

### Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth the value vested or earned during the year of option based awards and non-equity incentive plan compensation paid to Named Executive Officers during the financial year ended December 31, 2018. Named Executive Officers do not participate in the share based awards plan:

Name	Option-based awards	Non-equity incentive plan compensation
	Value vested during the year <sup>(1)</sup>	\$ Value earned during the year
George Adams	-	-
Desmond Hirson <sup>(2)</sup>	-	\$50,000
Ellen Briant	-	-
Mehran Mehrtash	-	\$26,425

**Notes:**

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.
- (2) Mr. Hirson's bonus has been accrued and remains unpaid as of the date of this Circular.

### Termination and change of control benefits

Dr. George Adams and the Corporation entered into an employment agreement effective October 1, 2010 whereby Dr. Adams is the Corporation's Chief Executive Officer. Pursuant to this agreement, Dr. Adams is compensated at the base salary rate of \$247,920 per annum and is a participant in the Corporation's stock option plan. Should Dr. Adams' employment be terminated by the Corporation without cause or if there is a change in control of the Corporation and Dr. Adams does not continue as an employee and officer under substantially the same terms, he is to be entitled to a lump sum severance payment equal to twelve (12) months of his base salary and a prorated bonus, if any, with such twelve months increasing by one month for every one year of employment with the Corporation (to a maximum of 24 months).

## Director Compensation

### Director Compensation Table

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers, during the financial year ended December 31, 2018.

Name	Fees paid	Fees accrued	Share-based awards <sup>(2)</sup>	Option-based awards <sup>(1)</sup>	All other compensation	Total
Danny Dalla-Longa	\$16,250	\$8,500	-	\$16,018	-	\$40,768
Alan Rabinowitz	\$16,250	\$8,500	-	\$16,018	-	\$40,768
David Willis <sup>(3)</sup>	\$21,060	\$11,016	-	\$16,018	-	\$48,094
Donald Segal	\$16,250	\$8,500	-	\$16,018	-	\$40,768

#### Notes:

(1) Based on the grant date fair value of the applicable awards. The fair value of options granted are estimated at the date of grant using the Black-Scholes option pricing model and recognized as the options vest.

(2) Represents the aggregate dollar value that would have been realized if the Shares under the share-based award had been sold on the vesting date at the closing price of the Shares on the last day during which the Shares traded if none were traded on the vesting date.

(3) Mr. Willis is a US based Director, whose director's fees are paid in USD. The value of the fees earned shown above are the CDN\$ equivalent using the 2017 average exchange rate.

### Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors of the Corporation, not including those directors who are also Named Executive Officers, during the financial year ended December 31, 2018.

Name	Option-based awards	Share-based awards	Non-equity incentive plan compensation
	Value vested during the year <sup>(1)</sup>	Value vested during the year <sup>(2)</sup>	Value earned during the year
Danny Dalla-Longa	-	-	-
Alan Rabinowitz	-	-	-
David Willis	-	-	-
Donald Segal	-	-	-

#### Notes:

(1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.

(2) Represents the aggregate dollar value that would have been realized if the Shares under the share-based award had been sold on the vesting date at the closing price of the Shares on the last day during which the Shares traded if none were traded on the vesting date.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the directors of the Corporation, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Corporation outstanding at the end of the financial year ended December 31, 2018.

Name	Option-based Awards			Share-based Awards - DSUs		
	# of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	# of shares or units of shares that have not vested	Market or payout value of unvested share-based awards
Danny Dalla-Longa	75,000	\$0.31	6/22/2023	-	142,500	\$22,087
	100,000	\$1.25	9/22/2020			
Alan Rabinowitz	75,000	\$0.31	6/22/2023	-	97,500	\$15,112
David Willis	75,000	\$0.31	6/22/2023	-	97,500	\$15,112
Donald Segal	75,000	\$0.31	6/22/2023	-	75,000	\$11,625
	75,000	\$0.18	4/11/2026			

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth the information pertaining to the Option Plan and DSU Plans (approved by shareholders) as at December 31, 2018.

Plan Category	# of securities to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	# of securities available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	4,137,500	\$0.34	1,154,680
Equity compensation plans not approved by security holders	N/A	N/A	N/A

### CORPORATE GOVERNANCE OF THE CORPORATION

#### General

The Board of Directors (the “**Board**”) believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the “**CSA**”) have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

#### Composition of the Board of Directors

The Board is currently comprised of five (5) directors. All are independent for the purposes of NI 58-101, except for Dr. George Adams, who is Chief Executive Officer of the Corporation.

#### Directorships

Currently certain of the directors are also directors of other reporting issuers as follows:

Director	Other Reporting Issuer
Danny Dalla-Longa	Flurotech Ltd.

## **Orientation and Continuing Education of Board Members**

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Corporation. Board meetings are sometimes telephonic meetings or held at the Corporation's facilities and are combined with tours and presentations by the Corporation's management and employees to give the directors additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all Board members.

## **Measures to Encourage Ethical Business Conduct**

The Board has adopted a written code of ethics, as well as policies relating to trading in securities and non-public information of companies and whistleblower policies. The Board encourages and promotes a culture of ethical business conduct through various measures. The Board discourages transactions involving related parties. To the extent that such transactions arise, full disclosure is required in accordance with the provisions of the CBCA, the corporate statute governing the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the CBCA. The Board has delegated to executive management the appropriate financial and operational authority to execute the approved annual budget and operating plan and subsequent amendments thereof.

## **Nomination of Board of Members**

The Board is responsible for fixing the size of the Board and, subject to the approval of the Shareholders, determining its membership. The Board has established a compensation committee (the "**Compensation Committee**") which, is currently comprised of Messrs. Segal and Dalla-Longa, both of whom are independent. In addition, the Corporation has established a nominating and corporate governance committee (the "**Nominating Committee**") which is currently comprised of Mr. Willis, Dr. Rabinowitz and Dr. Adams. Both Mr. Willis and Dr. Rabinowitz are independent directors. Dr. Adams is not independent as he is the Chief Executive Officer of the Corporation.

The Nominating Committee's mandate includes recommending to the Board appropriate criteria for the selection of new directors, periodically reviewing the criteria adopted by the Board, and, if deemed desirable, recommending to the Board changes to such criteria. The Nominating Committee's mandate also includes identifying and recommending qualified candidates to the Board, although all Board members are encouraged to recommend new candidates.

## **Determination of Compensation of Directors and Officers**

The Compensation Committee has a written mandate which establishes the responsibilities of the Committee with respect to compensation. The Compensation Committee assists the Board in carrying out its responsibilities by reviewing compensation and human resources issues in support of the achievement of the Corporation's business strategy and making recommendations to the Board as appropriate. In particular, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance against those goals and objectives and making recommendations to the Board with respect to the Chief Executive Officer's compensation. The Compensation Committee also approves and reports to the Board on the compensation for the Corporation's other senior officers.

## **Board Committees**

The Board has established an audit committee ("**Audit Committee**") and developed a mandate for the Audit Committee which the Board reviews annually. The mandate of the Audit Committee is described below.

## **Assessment of Directors, the Board and Board Committees**

The Board monitors, on a periodic basis, the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## AUDIT COMMITTEE

### Audit Committee

In accordance with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), the Audit Committee reviews the annual and interim financial statements of the Corporation and makes recommendations with respect to such statements. The Audit Committee also reviews the nature and scope of the annual audit as proposed by the auditors and management, and the adequacy of the internal accounting control procedures and systems within the Corporation. The Audit Committee is responsible to ensure that management has implemented an effective system of internal control and has oversight responsibility for management reporting on internal control. The Audit Committee Charter is attached hereto as Schedule "**B**".

### Composition of the Audit Committee

The Audit Committee of the Corporation is currently comprised of Mr. Dalla-Longa (Chairman), Mr. Don Segal, both independent and financially literate directors under NI 52-110, and Dr. George Adams, Director and CEO. Relevant education and experience are provided in **Biographical Information** above.

### Pre-Approval Policies and Procedures

The Audit Committee is responsible for pre-approving the nature and fees of non-audit services provided by the external auditors.

### External Auditor Service Fees (By Category)

The following table provides information about the fees billed to the Corporation for professional services rendered by BDO Canada LLP, for the years ended December 31, 2018 and 2017:

	2018	2017
Audit Fees <sup>(1)</sup>	\$59,500	\$59,397
Audit-Related Fees <sup>(2)</sup>	\$17,500	\$26,000
Tax Fees <sup>(3)</sup>	\$9,461	\$12,190
<b>Total</b>	<b>\$86,461</b>	<b>\$97,587</b>

#### Notes:

- (1) Audit fees for professional services rendered by BDO Canada LLP for the audit of the Corporation's annual consolidated financial statements.
- (2) Fees for the valuation of warrants and other derivative instruments.
- (3) Fees for tax return preparation, tax compliance, tax advice and tax planning.

### Exemption

As a TSXV-listed issuer, the Corporation is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110, which relate to the composition of an audit committee and the reporting of the required disclosure, respectively.

## MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or Corporation other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

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

No current or former executive officer, director or employee of the Corporation or of any of its subsidiaries is, or at any time since the beginning of the most recently completed financial year has been, indebted: (i) to the Corporation or any of its subsidiaries; or (ii) to another entity, where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer, proposed director, or any associate or affiliate of any of the foregoing persons who has been a director or executive officer at any time since the beginning of the financial year ended December 31, 2018, in any matter to be acted upon.

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

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any informed person or proposed director of the Corporation or any associate or affiliate of any such persons in any transaction since the commencement of the financial year ended December 31, 2018 or in any proposed transaction, which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of this Information Circular, an "informed person" means (i) a director or officer of the Corporation, (ii) a director or officer of a person or company that is itself an informed person, or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation.

## **ADDITIONAL INFORMATION**

Financial information is provided in the Corporation's audited financial statements and accompanying managements' discussion and analysis (MD&A) for the year ended December 31, 2018. The 2018 audited financial statements and MD&A have been mailed to registered shareholders and are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Under National Instrument 51-102 - *Continuous Disclosure Obligations*, any person or company who wishes to receive interim financial statements from the Corporation may deliver a written request for such material to the Corporation, together with a signed statement that the person or company is the owner of securities of the Corporation. Shareholders of the Corporation who may wish to receive interim financial statements are encouraged to contact Computershare, #600, 530 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3S8 or the Corporation at (416) 848-4156 to request copies of the Corporation's financial statements and MD&A. The Corporation will maintain a supplemental mailing list of persons or companies wishing to receive interim financial statements.

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

## SCHEDULE "A"

ATTACHED TO AND MADE A PART OF THE INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF VENTRIPOINT DIAGNOSTICS LTD. TO BE HELD ON AUGUST 13, 2018 AND ANY ADJOURNMENT THEREOF

### VENTRIPOINT DIAGNOSTICS LTD.

#### STOCK OPTION PLAN

##### 1. Purpose

The purpose of the Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

##### 2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) "**Board of Directors**" means the Board of Directors of the Corporation;
- (b) "**Common Shares**" means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) "**Corporation**" means Ventripoint Diagnostics Ltd. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) "**Discounted Market Price**" means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Common Shares are listed;
- (f) "**Exchange Policies**" means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) "**Insider**" has the meaning ascribed thereto in Exchange Policies;
- (h) "**Option**" means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (i) "**Option Period**" means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) "**Optionee**" means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (k) "**Plan**" shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policy, including without limitation "Consultant", "Employee", "Director", "Insider", "Investor Relations Activities", "Management Company Employee", "Tier 1 Issuer" and "Tier 2 Issuer".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### **3. Administration**

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### **4. Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionees.

### **5. Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

## 6. Common Shares Subject to Options

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options, employee stock purchase plan or any other compensation or incentive mechanism otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- (c) the grant to all Optionees performing investor relations services, whether Consultants or Employees, of a number of Options exceeding 2% of the issued and outstanding Common Shares; or
- (d) the number of Common Shares reserved for issuance pursuant to Options granted to Optionees resident in the United States exceeding 1,900,000, or such other number of Common Shares as shall be fixed and determined by the Board of Directors from time to time.

Unless disinterested shareholder approval is obtained, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant. The aggregate number of Common Shares reserved for issuance to an Optionee who is a Consultant shall not exceed 2% of the issued and outstanding Common Shares determined at the date of grant.

Appropriate adjustments shall be made as set forth in Section 14 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

## 7. Option Agreement

- (a) A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "Stock Option Agreement"). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.
- (b) The Board of Directors may require any Optionee to agree in the Stock Option Agreement that the Optionee, if so requested by the Corporation or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Corporation under the *United States Securities Act of 1933, as amended* (the "1933 Act"), Optionee shall not sell or otherwise transfer any Common Share(s) or other securities of the Corporation for a period of up to 180 days (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Corporation) following the effective date of a registration statement of the Corporation filed under the 1933 Act.

## 8. Option Period and Exercise Price

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 10 and 11 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

## 9. Exercise of Options

An Optionee shall be entitled to exercise an Option granted to it at any time prior to the expiry of the Option Period, subject to Sections 10 and 11 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

The certificates representing any Common Share(s) issued to a "U.S. person" (as defined in Rule 902 of Regulation S under the 1933 Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. person, and any partnership or corporation organized or incorporated under the laws of the United States) shall, until such time as the same is no longer required under the applicable requirements of the 1933 Act or applicable U.S. state laws and regulations, bear a legend in substantially the following form:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE 1933 ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE CORPORATION AN

OPINION OF COUNSEL, OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. AT ANY TIME THE CORPORATION IS A "FOREIGN ISSUER" AS DEFINED IN REGULATIONS UNDER THE 1933 ACT, A NEW CERTIFICATE, BEARING NO LEGEND, THE DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM THE APPLICABLE TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN FORM SATISFACTORY TO THE CORPORATION AND THE APPLICABLE TRANSFER AGENT TO THE EFFECT THAT THE SALE OF THE SECURITIES IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATIONS UNDER THE 1933 ACT AT A TIME WHEN THE CORPORATION IS A "FOREIGN ISSUER" AS DEFINED IN REGULATIONS UNDER THE 1933 ACT."

#### **10. Ceasing to be a Director, Officer, Employee or Consultant**

Unless otherwise determined by the Board of Directors, and subject to the rules and policies of the Exchange, if an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, following the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

#### **11. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

#### **12. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

#### **13. Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

#### **14. Anti-Dilution of the Option**

In the event of:

- (a) any subdivision, re-division or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, re-division or change if the exercise of the Option had been made prior to the date of such subdivision, re-division or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, re-division, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

#### **15. United States Matters**

- (a) Each option granted under the Plan to an option holder who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) (a "U.S. Optionee") will be designated in the Stock Option Agreement as either a non-qualified stock option or an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, of the United States (the "Code"), provided that the stock option complies with the following provisions. If not designated in the Stock Option Agreement, the Option shall be an incentive stock option. No provisions of the Plan, as it may be applied to a U.S. Optionee who has been granted an incentive stock option within the meaning of Section 422 of the Code, shall be construed so as to be inconsistent with any provision of Section 422 of the Code. Notwithstanding anything in the Plan contained to the

contrary, the following provisions shall apply to each U.S. Optionee who will be granted an incentive stock option within the meaning of Section 422 of the Code:

- i. options shall only be granted to U.S. Optionees who are, at the time of grant, officers, key employees or directors (provided, for purposes of this Section 11 only, such directors are then also officers or key employees of the Corporation or a subsidiary). Any director of the Corporation who is a U.S. Optionee shall be eligible to vote upon the granting of such option;
  - ii. the aggregate fair market value (determined as of the time the option is granted) of the Common Share(s) exercisable for the first time by a U.S. Optionee during any calendar year under the Plan and all other stock option plans, within the meaning of Section 422 of the Code, of the Corporation or any subsidiary shall not exceed US\$100,000;
  - iii. the purchase price for Common Share(s) under each Option granted to a U.S. Optionee pursuant to the Plan shall be not less than the fair market value of such Common Share(s) at the time the option is granted, as determined in good faith by the directors at such time;
  - iv. if any U.S. Optionee to whom an option is to be granted under the Plan at the time of the grant of such option is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation, then the following special provisions shall be applicable to the option granted to such individual:
    - (1) the purchase price per Common Share subject to such option shall not be less than one hundred and ten percent (110%) of the fair market value of one Common Share at the time of grant; and
    - (2) for the purposes of this Section 11 only the option exercise period shall not exceed five (5) years from the date of grant;
  - v. no option may be granted hereunder to a U.S. Optionee following the expiry of five (5) years after the date on which the Plan is adopted by the Board or the date the Plan is approved by the shareholders of the Corporation, whichever is earlier;
  - vi. no option granted to a U.S. Optionee under the Plan shall become exercisable unless and until the Plan shall have been approved by the shareholders of the Corporation; and
  - vii. no incentive stock options may be granted under the Plan after ten (10) years after the adoption of this Plan by the Board of Directors of the Corporation.
- (b) At the discretion of the Board of Directors, Optionees may satisfy withholding obligations as provided in this paragraph. When an Optionee incurs tax liability in connection with an Option, which tax liability is subject to tax withholding under applicable tax laws (including, without limitation, income and payroll withholding taxes), and Optionee is obligated to pay the Corporation an amount required to be withheld under applicable tax laws, Optionee may satisfy the tax withholding obligation by one or some combination of the following methods: (a) by cash payment, (b) out of Optionee's current compensation, (c) if permitted by the Board of Directors, in its discretion, by surrendering to the Corporation, Common Share(s) that (i) have been owned by Optionee for more than six (6) months on the date of surrender or such other period as may be required to avoid a charge to the Corporation's earnings, and (ii) have a Market Value on the date of surrender equal to (or less than, if other consideration is paid to the Corporation to satisfy the withholding obligation) Optionee's marginal tax rate times the ordinary income recognized, plus an amount equal to the Optionee's share of any applicable payroll withholding taxes, or (d) if permitted by the Board of Directors, in its discretion, by electing to have the Corporation withhold from the Common Share(s) to be issued upon exercise of the Option, if any, that number of Common Share(s) having a Market Value equal to the amount required to be withheld. For this purpose, the Market Value of the Common Share(s) to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date"). In making its determination as to the type of consideration to accept, the Board of Directors shall consider if acceptance of such consideration may be reasonably expected to benefit the Corporation or result in

the recognition of compensation expense (or additional compensation expense) for financial reporting purposes.

#### **16. Costs**

The Corporation shall pay all costs of administering the Plan.

#### **17. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 17(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.
- (c) The Plan and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

#### **18. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

#### **19. Prior Plans**

On the effective date (as set out in Section 20 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

#### **20. Effective Date**

This plan shall become effective as of and from, and the effective date of the plan shall be August 15, 2019, upon receipt of all necessary shareholder and regulatory approvals.

## **APPENDIX "B"**

**THIS IS SCHEDULE "B" ATTACHED TO AND MADE A PART OF THE NOTICE OF MEETING AND INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF VENTRIPOINT DIAGNOSTICS LTD. TO BE HELD ON AUGUST 15, 2019, AND ANY ADJOURNMENT THEREOF**

**VENTRIPOINT DIAGNOSTICS LTD.  
(the "Company")  
Audit Committee Charter  
November 1, 2007**

### **OVERALL ROLE AND RESPONSIBILITY**

- (a) The Audit Committee shall:
  - (i) assist the Board of Directors in its oversight role with respect to:
  - (ii) the quality and integrity of financial information;
  - (iii) the independent auditor's performance, qualifications and independence;
  - (iv) the performance of the Company's internal audit function, if applicable; and
  - (v) the Company's compliance with legal and regulatory requirements and
- (b) prepare such reports of the Audit Committee required to be included in the Proxy Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

### **MEMBERSHIP AND MEETINGS**

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors, none of whom shall be officers or employees of the Company or any of the Company's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Company, and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

### **STRUCTURE AND OPERATIONS**

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

## **SPECIFIC DUTIES**

### **Oversight of the Independent Auditor**

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including
  - (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Company, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Company to be included in the Company's annual proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every 5 years).

### **Financial Reporting**

- Review and discuss with management and the independent auditor:
  - prior to the annual audit the scope, planning and staffing of the annual audit,
  - the annual audited financial statements,
  - the Company's annual and quarterly disclosures made in management's discussion and analysis,
  - approve any reports for inclusion in the Company's Annual Report, as required by applicable legislation,
  - the Company's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
  - significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements,
  - any significant changes in the Company's selection or application of accounting principles,
  - any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies, and

- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

### **AUDIT COMMITTEE'S ROLE**

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports: Management is responsible for ensuring the Company's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Company in accordance with Canadian generally accepted accounting principles.

### **FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS**

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Company.

#### **Approval of Audit and Remitted Non-Audit Services Provided by External Auditors**

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must (receive prior approval from the Audit Committee, in accordance with this Protocol. The Chief Financial Officer of the Corporation shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.