



## Information Circular Annual and Special Meeting June 10, 2021

### **COVID-19 Warning:**

**In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is strongly encouraging shareholders and others not to attend the Meeting in person.** NexgenRx will be strictly restricting physical access to the Meeting and only registered shareholders and formally appointed proxy holders will be entitled to attend. In order to comply with government orders concerning the maximum size of public gatherings and required social distancing parameters, NexgenRx may be unable to admit shareholders to the Meeting. **NexgenRx strongly encourages shareholders to vote using one of the methods described in this Information Circular.** To further mitigate the risk of the spread of this virus, the Meeting will be audio-cast live at 11:00 am (Toronto time) on June 10, 2021 and can be accessed by conference call at 1(866)862-7608, conference ID 4589162. This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in, the meeting via the conference call. Given the restrictions in place, NexgenRx's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting.

Please monitor our news releases for any important information related to the Meeting and COVID-19. The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments regarding COVID-19, which could potentially include adjourning or postponing the Meeting.

# NexgenRx Inc.

## INFORMATION CIRCULAR

For the Annual and Special Meeting of Shareholders  
to be held on June 10, 2021

### PROXIES

#### Management Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of NexgenRx Inc. (the "Corporation") for use at the Annual and Special Meeting of the shareholders of the Corporation ("Shareholders") to be held at the head office of NexgenRx Inc., located at 185 The West Mall, Suite 600, Toronto, Ontario M9C 5L5, on June 10, 2021 at 11:00 a.m. (Toronto time) (the "Meeting"), or at any adjournment thereof, for the purpose set forth in the Notice of Meeting accompanying this Information Circular.

The information contained herein, unless otherwise stated, is given as of May 10, 2020. There is enclosed herewith a form of proxy for use at the Meeting, to be placed before the Shareholders at the Meeting pursuant to the *Business Corporations Act* (Ontario). Shareholders are urged to participate in the Meeting and to vote on the matters to be considered in person or by proxy.

The people named in the accompanying proxy will vote the common shares ("Common Shares") in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. In the absence of such direction, such shares will be voted in favour of the matters to be acted on as set out herein.

The costs incurred in the preparation and mailing of both the proxy and this Information Circular will be borne by the Corporation. In addition to the use of the mail, proxies may be solicited by personal interviews, telephone or other means by directors, officers and regular employees of the Corporation who will not be directly compensated therefore. Brokerage houses and other custodians, nominees and fiduciaries will be reimbursed for the reasonable expenses of forwarding documents to beneficial owners for whom shares are held, in accordance with applicable securities laws.

#### Record Date

The directors of the Corporation have set the close of business on May 10, 2021 as the record date (the "Record Date") for determining which Shareholders shall be entitled to receive notice of and to vote at the Meeting. Only Shareholders of record as of the Record Date are entitled to receive notice of and to vote at the Meeting.

#### Appointment and Revocation of Proxies

Those Shareholders desiring to be represented by proxy must deposit their forms of proxy with TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time set for the Meeting or any adjournment thereof, or with the chairman of the Meeting on the date of the Meeting or any adjustment thereof. A proxy must be executed by the holder of voting shares or his attorney authorized in writing, or if the Shareholder is a corporation, under its seal by a duly authorized officer or attorney thereof. No instruments appointing a proxy shall be valid after the expiration of 12 months from the date of its execution.

**The people named in the form of proxy accompanying this Information Circular are officers and/or directors of the Corporation. Each Shareholder submitting the proxy has the right to appoint a person to represent and act for him or it at the Meeting other than the person designated in the**

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form of proxy furnished by the Corporation. Such person does not need to be a Shareholder of the Corporation. The Shareholder may exercise this right by striking out the names of the person so designated and inserting the name of the desired representative in the blank space provided, or by completing another proper form of proxy in place of this form of proxy and in either case depositing the proxy with TSX Trust Company, at the head office of the Corporation, or with the chairman of the Meeting within the time specified above for deposit of proxies.

An instrument of proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person.

In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his attorney authorized in writing, or if the Shareholder is a corporation, under its seal or by a duly authorized officer or attorney thereof, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

The form of proxy forwarded to Shareholders with the Notice of Meeting and this Information Circular confers discretionary authority upon the nominees named in the proxy with respect to amendments or variations to matters identified in the Notice of Meeting accompanying this Information Circular and with respect to other matters which may properly come before the Meeting.

At the date hereof, management of the Corporation knows of no such amendment, variation or other matter. If any such amendment, variation or other matter properly comes before the meeting, the instruments of proxy with respect to such matters will be voted in accordance with the best judgment of the person voting the proxy.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### **Voting of Common Shares – General**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which Series 1 Preferred Shares have been created. The Series 1 Preferred Shares carry the following attributes: non-voting; non-convertible into Common Shares; priority over Common Shares upon liquidation, dissolution or wind-up; coupon rate of 8% per annum, to be issued as a preferred dividend annually; eligible to receive general dividends on the same basis as holders of Common Shares; and in the event of a liquidity event (being a transaction resulting in an offer and sale of all of the Common Shares or all or substantially all of the assets of the Corporation), holders of Series 1 Preferred Shares would be entitled to receive an amount per share as is equal to the offer price for the Common Shares, less the issuance price of the Series 1 Preferred Shares. As of the record date of May 10, 2021, an aggregate of 70,335,883 Common Shares were issued and outstanding, along with 6,600,000 Series 1 Preferred Shares. The Corporation has also granted an aggregate of 6,100,000 options that remain outstanding under the employee stock option plan, 4,266,666 of which are exercisable as at the record date.

The Corporation will prepare a list of Shareholders of record as at the close of business on May 10, 2021 (the "Record Date"). A holder of Common Shares named on that list will be entitled to vote the Common Shares then registered in such holder's name. Holders of the Common Shares are entitled to one vote at the Meeting for each Common Share held.

Voting shall be by a show of hands except where, either before or after a show of hands, a ballot is required by the chairman of the Meeting or is requested by any persons present or represented by proxy

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and entitled to vote at the Meeting and holding at least 10% of the Common Shares represented at the Meeting. Upon a show of hands, every Shareholder present shall have one vote.

## **Voting of Common Shares – Advice to Non-Registered Holders**

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

These securityholder materials are being sent to both registered and Non-Registered Holders of the securities. If you are a Non-Registered Holder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

In accordance with the requirements of National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communications Solutions ("Broadridge")) to forward Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at [www.proxyvote.com](http://www.proxyvote.com); or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with TSX Trust Company at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-

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Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

## **Principal Holders of Common Shares**

To the knowledge of the directors and senior officers of the Corporation, the following are the only persons who beneficially own, directly or indirectly or exercise control or direction over the Common Shares carrying more than 10% of the voting rights attached to the Common Shares as at the record date of May 10, 2021.

<b>Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Voting Rights attached to Common Shares</b>
Paul Crossett <i>Toronto, Ontario</i>	13,630,138 <sup>(1)</sup>	19.38%
Ronald C. Loucks <i>Mississauga, Ontario</i>	7,335,108 <sup>(2)</sup>	10.43%

**Note:**

- (1) Such Common Shares are held by Mr. Crossett in various capacities, including being held in his personal name and through companies or limited partnerships in respect of which he exerts control or direction. Mr. Crossett also owns or exerts control or direction over an aggregate of 560,000 Series 1 Preferred Shares.
- (2) Mr. Loucks also owns or exerts control or direction over an aggregate of 800,000 Series 1 Preferred Shares.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **1. Presentation of the Financial Statements**

The annual report, including the financial statements of the Corporation for the fiscal year ended December 31, 2020 and the auditors' report thereon, will be placed before the Shareholders at the Meeting for their consideration.

Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to TSX Trust Company.

### **2. Election of Directors**

The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at four (4) members. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting, each to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All four (4) of the nominees are currently members of the Board of Directors of the Corporation.

Approval of the election of each director will require the affirmative vote of shareholders. Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders intend to vote "FOR" the election of each of the proposed nominees set forth below as Directors of the Corporation.** If, prior to the Meeting, any vacancies occur in the list of proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any

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substitute nominee or nominees recommended by management of the Corporation and FOR the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

<b>Name, Office and Municipality of Residence</b>	<b>Director since</b>	<b>Number of Common Shares held directly or indirectly</b>	<b>Principal Occupation During last five years</b>
Ronald C. Loucks President, Chief Executive Officer and a Director <i>Mississauga, Ontario</i>	March 13, 2003	7,335,108 <sup>(1)</sup>	President and CEO, NexgenRx Inc. since March 2003.
Thomas F. Corcoran <sup>(2)(3)(4)</sup> Chairman, Director, <i>Toronto, Ontario</i>	March 7, 2006	625,375 <sup>(5)</sup>	Director, Arts and TV Inc.; Chair, Memotext Corporation; Chair Health Professions Regulatory Advisory Council (Government of Ontario).
Charles Burns <sup>(3)(4)</sup> Director <i>Maple, Ontario</i>	June 16, 2017	3,855,667 <sup>(6)</sup>	Director, Audit Chair of Phoenix Canada Oil Company for over 10 years (TSXV: PCO & OTCBB: PHXCF); Director, Audit Chair of Starrex International Limited since June 2014 (STXMF.PK); President, Serpent River Power Corporation since 2001; Volunteer Committees: Royal Agricultural Winter Fair and York Regional Police, Police Appreciation Night Dinner.
Randy McGlynn <sup>(2)(3)</sup> Director <i>Waterloo, Ontario</i>	August 22, 2018	100,000	Chairman of Teacher's Life, Trustee of Automotive Sector Retiree Trust and Ontario Secondary School Teachers Federation Employee Life and Health Trust; previously, President and CEO of Ontario Teacher's Insurance Plan.

**Notes:**

- (1) Mr. Loucks also owns or exerts control or direction over an aggregate of 800,000 Series 1 Preferred Shares.
- (2) Member of the Corporate Governance and Nominating Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Mr. Corcoran also owns or exerts control or direction over an aggregate of 400,000 Series 1 Preferred Shares
- (6) 300,000 of the foregoing shares are held in a private corporation controlled by Mr. Burns.

All of the directors of the Corporation have committed to devote the amount of time required of them to perform their duties to the Corporation and to maintain and develop its assets and businesses. However, none of the directors, excluding Mr. Loucks, will be devoting their full time to the business of the Corporation.

**Majority Voting**

The Board of Directors has adopted a Majority Voting Policy stipulating that in an uncontested election of directors (being an election where the number of nominees for director positions is equal to the number of directors authorized to be elected upon such election, as determined by the Board of Directors or Shareholders), if the number of Common Shares "withheld" for any nominee exceeds the number of Common Shares voted "for" the nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, the director shall be required to forthwith submit his/her resignation as a director (and, as applicable, a member of any committee of the Board of Directors) to the Chairman of the Board of Directors following the applicable Shareholders' meeting (and in any event, within seven (7) days of such meeting), which shall become effective upon acceptance by the Board of Directors. Following receipt of a resignation submitted pursuant to the Majority Voting Policy, the Board of Directors shall consider the resignation forthwith, and shall accept the resignation forthwith, except in cases where "exceptional circumstances" apply. For this purpose, "exceptional circumstances" means occasions

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where such resignation would, in the opinion of a majority of the Board of Directors, have a material strategic, economic, commercial, operational or regulatory impact on the Corporation. Where exceptional circumstances apply, the Board may delay accepting the resignation until such time as the "exceptional circumstances" have been fully assessed and addressed to the satisfaction of the Board of Directors. Following the Board of Directors' acceptance of the resignation, the Board of Directors shall publicly disclose the applicable director's resignation. When a resignation is accepted, subject to any corporate law restrictions, the Board of Directors may leave the vacancy unfilled or appoint a new director to fill the vacancy.

In the event that any director who receives a greater number of proxy votes withheld than votes in favour of such director's election does not tender his/her resignation in accordance with the Majority Voting Policy, he/she will not be re-nominated by the Board of Directors, and the Board of Directors may apply to an applicable court for an order authorizing the Corporation to file a Notice of Change of Directors with the applicable corporate registry.

## ***Corporate Cease Trade Orders or Bankruptcies***

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or
- (ii) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other company that, while such person was acting in that capacity, or within a year of that individual 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.

## ***Individual Bankruptcies***

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## ***Penalties or Sanctions***

No director or proposed director of the Corporation 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. No director or proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

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## ***Conflicts of Interest***

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (Ontario).

## **3. Appointment of Auditors**

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the re-appointment of Grant Thornton LLP Canada Chartered Accountants, as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the board of directors of the Corporation. Grant Thornton LLP Canada Chartered Accountants was first appointed as auditors of the Corporation in October 2016. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote "FOR" the resolution.**

## **4. Approval of Stock Option Plan**

In accordance with the TSX Venture Exchange's (the "Exchange") policy governing stock options, all issuers that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the Corporation must receive yearly shareholder approval of the stock option plan. The Board of Directors has approved the Stock Option Plan, a copy of which is attached hereto as Appendix "A". The Exchange requires the 2021 Stock Option Plan to be approved by the Shareholders of the Corporation.

Management of the Corporation will place before the Meeting the following resolution relating to the approval of the 2021 Stock Option Plan:

### **"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. The Corporation's 2021 Stock Option Plan be and is hereby ratified, confirmed and approved in substantially the form attached as Appendix "A" to the Information Circular prepared for the purposes of this Meeting, subject to acceptance by the TSX Venture Exchange;
2. The Corporation be and is authorized to grant stock options for up to 10% of the Common Shares of the Corporation outstanding from time to time pursuant and subject to the terms and conditions of the 2021 Stock Option Plan;
3. The previous existing stock options granted to directors, officers, employees and others be ratified, confirmed and approved; and that all existing stock options becoming subject to the provisions of the 2021 Stock Option Plan upon adoption by the Corporation;
4. The Board of Directors be authorized on behalf of the Corporation to make any amendments to the 2021 Stock Option Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Corporation, in order to ensure adoption of the 2021 Stock Option Plan;
5. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, without further resolution of shareholders, approval is hereby given to the Board of Directors of the Corporation, in their sole discretion, to revoke this resolution at any time and refrain from implementing the 2021 Stock Option Plan; and

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6. Any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The Exchange requires such approval before it will allow the adoption of the 2021 Stock Option Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Plan. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote "FOR" the foregoing resolution.**

## 5. Other Business

The management of the Corporation knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying Instrument of Proxy will be voted on such matters with the best judgment of the person or persons voting the proxy.

## STATEMENT OF EXECUTIVE COMPENSATION

### GENERAL

The following information, dated as of May 10, 2021, is provided in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (the "Form").

For the purposes of this Form, a "Named Executive Officer", or "NEO", means each of the following individuals:

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

Based on the foregoing definitions, the Corporation's NEO's in respect of the year ended December 31, 2020 were, Ronald C. Loucks, President and CEO and Kelly Ehler, CFO.

### DIRECTOR AND NEO COMPENSATION

#### **Director and NEO compensation, excluding stock options and other compensation securities**

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation thereof to each director and each NEO of the Corporation, in any capacity, including, for greater certainty, all plan

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and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation, for each of the Corporation's two (2) most recently completed financial years:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, Consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ronald C. Loucks <i>President, CEO and Director</i>	Dec 31/20	139,869	Nil	Nil	Nil	12,715 <sup>(1)</sup>	152,584
	Dec 31/19	165,000	Nil	Nil	Nil	16,200 <sup>(1)</sup>	181,200
Kelly Ehler <i>CFO</i>	Dec 31/20	58,316	Nil	Nil	Nil	Nil	58,316
	Dec 31/19	72,250	Nil	Nil	Nil	Nil	72,250
Hugh Hart <i>Vice President, Sales and Account Management</i>	Dec 31/20	125,207	102,500	Nil	Nil	8,310 <sup>(3)</sup>	236,017
	Dec 31/19	142,082	47,500	Nil	Nil	10,200 <sup>(3)</sup>	199,782
Thomas F. Corcoran <i>Chairman, Director</i>	Dec 31/20	Nil	Nil	30,000	Nil	Nil	30,000
	Dec 31/19	Nil	Nil	25,000	Nil	Nil	25,000
Charles Burns <i>Director</i>	Dec 31/20	Nil	Nil	22,500	Nil	Nil	22,500
	Dec 31/19	Nil	Nil	18,750	Nil	Nil	18,750
Randy McGlynn <i>Director</i>	Dec 31/20	Nil	Nil	20,000	Nil	Nil	20,000
	Dec 31/19	Nil	Nil	20,000	Nil	Nil	20,000

**Notes:**

- (1) Other Annual Compensation was comprised of a vehicle allowance paid bi-weekly, and a health care spending account to the maximum amount of \$1,200 per year.
- (2) 'Value of all other compensation' was comprised of a health care spending account to the maximum amount of \$1,200 per year.
- (3) 'Value of all other compensation' was comprised of a health care spending account to the maximum amount of \$1,200 per year, in addition to an annual vehicle allowance.

## External Management Companies

None of the NEOs provide executive management services through external management companies other than Mr. Ehler, who provides his services as CFO through Proteus Capital Corp., a company wholly-owned by Mr. Ehler, in respect of which he serves as sole director and officer. Prior to December 1, 2020, Mr. Ehler provided his services through a separate wholly-owned company, Corporate Finance Outsource Inc.

## Stock options and other compensation securities

The following table sets forth details for all stock options outstanding for each of the NEOs and directors as at December 31, 2020.

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Compensation Securities						
Name and Position	Number of stock options	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of Common Shares on date of grant (\$)	Closing price of Common Shares at Dec. 31, 2020 (\$)	Expiry date
Ronald C. Loucks <i>President, CEO and Director</i>	2,000,000 <sup>(1)</sup> 1,000,000 <sup>(2)</sup>	Dec. 6, 2018 Sept.29, 2017	0.25 0.23	0.25 0.23	0.24 0.24	Dec. 6, 2028 Sept. 29, 2027
Kelly Ehler <i>CFO</i>	250,000 <sup>(2)</sup>	Sept.29, 2017	0.23	0.23	0.24	Sept. 29, 2027
Hugh Hart <i>Vice President, Sales and Account Management</i>	250,000 <sup>(3)</sup>	Dec. 6, 2018	0.25	0.25	0.24	Dec. 6, 2028
Thomas F. Corcoran <i>Chairman, Director</i>	150,000 <sup>(2)</sup>	Sept.29, 2017	0.23	0.23	0.24	Sept. 29, 2027
Charles Burns <i>Director</i>	150,000 <sup>(2)</sup>	Sept.29, 2017	0.23	0.23	0.24	Sept.29, 2027
Randy McGlynn <i>Director</i>	250,000 <sup>(3)</sup>	Dec. 6, 2018	0.25	0.25	0.24	Dec. 6, 2028

**Notes:**

- (1) 1,000,000 of these stock options vest as to 33 1/3% each year for three years, beginning on the first anniversary of the grant date (666,666 of which have vested to date) and the remaining 1,000,000 of such stock options vest immediately upon the Corporation's transaction and administration recurring monthly revenue exceeding \$650,000 (which vesting condition has now been satisfied).
- (2) These stock options vest as to 33 1/3% each year for three years, beginning on the first anniversary of the grant date. Accordingly, all of these options have now vested.
- (3) These stock options vest as to 33 1/3% each year for three years, beginning on the first anniversary of the grant date. Accordingly, 66 2/3% of these options have vested to date.

There were no exercises of compensation securities by any of the NEOs or directors of the Corporation during the fiscal year ended December 31, 2020.

## Stock option plans and other incentive plans

The Corporation has no other incentive plans other than its stock option plan (the "**Plan**"). The Plan provides that the board of directors may from time to time, in its discretion, grant to directors, officers and employees of the Corporation and to consultants retained by the Corporation, non-transferable options to purchase common shares ("**Common Shares**"), or such other shares as may be substituted therefore, in the capital of the Corporation for a period of up to ten (10) years from the date of the grant provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares of the Corporation at the date of the grant.

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and consultants retained by the Corporation to acquire Common Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

The following is a summary of the material terms of the Plan:

# NexgenRx Inc.

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding Common Shares in any 12 month period.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the TSX Venture Exchange ("TSX-V").
- Options will be exercisable for a term of up to ten (10) years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable, except by will or by the laws of descent and distribution.

The Corporation's Plan was approved by shareholders at the Corporation's Annual and Special Meeting of the Shareholders held on May 27, 2020.

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

### ***Chief Executive Officer***

Ronald C. Loucks, President and Chief Executive Officer, entered into an employment agreement with the Corporation effective June 30, 2004 (as amended effective April 2013), which governs the terms of his employment with the Corporation. These terms are reviewed by the Compensation Committee on an annual basis. Mr. Loucks' employment agreement provides for gross annual remuneration of \$165,000 until such time as the Corporation has earned a Pre-Tax Profit<sup>1</sup> in each of two consecutive fiscal quarters (and thereafter such increased amount as the Compensation Committee may recommend and the board of directors approve), a monthly vehicle allowance (of \$15,000 per annum) and such benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, and a health care spending account to a maximum of \$1,200 per year. Mr. Loucks is also entitled to be reimbursed for all reasonable travel and other out-of-pocket expenses incurred in the performance of his duties. Pursuant to his employment agreement, Mr. Loucks is also entitled to receive such additional remuneration, by way of lump sum bonus or otherwise, as the Compensation Committee may recommend and the board of directors may approve, to fairly compensate him for his contribution to the success of the Corporation generally and for his personal performance in discharging the duties and responsibilities of his office. Mr. Loucks' employment agreement is for an indefinite term, and may be terminated by the Corporation for cause, by reason of incapacity or death, or without cause, and may be terminated by Mr. Loucks, as a result of retirement or resignation on not less than 60 days' notice to the Corporation. In the event that Mr. Loucks' employment is terminated without cause by the Corporation, then Mr. Loucks shall be entitled to a payment equal to two times the aggregate of: (i) his then current base salary per annum; plus (ii) the average of the aggregate of certain specified bonuses paid (if any) during the last two calendar years preceding the date of termination. The

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<sup>1</sup>"Pre-Tax Profit" means, for any particular fiscal period, the net income before income taxes of the Corporation for such fiscal period determined in accordance with GAAP consistently applied, adjusted such that any fee or license income recognized by GAAP as having been earned during such fiscal period which the board of directors of the Corporation determines is of a one-time or non-recurring nature and should not be included in calculating the normalized earnings of the Corporation for such fiscal period, shall, for purposes of this definition, be included (together with any third party incremental expense directly related to the earning of such one-time or non-recurring income) in the net income before income taxes of the Corporation on a straight line basis over a five year period.

# NexgenRx Inc.

amount of such payment shall then be payable by the Corporation, at the election of Mr. Loucks, in a lump sum equal to a discounted amount (calculated in accordance with a specified percentage and discounted further to present value) or in the full amount but paid monthly over a period of 24 months. In the event of any such termination, for any reason, any unvested stock options held by Mr. Loucks would expire and terminate, and any vested options would have to be exercised within a specified period of time. Pursuant to his employment agreement, Mr. Loucks has agreed to not compete with the Corporation for a period of two years from the date of the termination of employment, irrespective of the cause of such termination. It should also be noted that the Corporation has obtained a \$1 million key-man insurance policy over Mr. Loucks. The Corporation is the beneficiary under this policy, however Mr. Loucks is entitled to acquire the policy in certain circumstances, including but not limited to a change of control of the Corporation. For a summary of all compensation paid to Mr. Loucks in respect of the year ended December 31, 2020, please refer to the table above entitled *Table of compensation excluding compensation securities*.

## **CFO**

Kelly Ehler, CPA, CA is the CFO of the Corporation. Up until December 2020, Mr. Ehler was paid on a per diem basis and provided his services as CFO through Corporate Finance Outsource Inc., a company wholly-owned by Mr. Ehler in respect of which he serves as sole director and officer. Effective December 1, 2020, this arrangement was amended such that Mr. Ehler is paid a fixed monthly fee in the amount of \$5,000 through a separate wholly-owned company, Proteus Capital Corp. The Corporation can terminate the contract without notice. Should Mr. Ehler decide to leave, he is required to provide a negotiated notice period to ensure a smooth transition.

## **Oversight and description of directors and NEO compensation**

The Compensation Committee recommends to the Board of Directors of the Corporation the compensation of the Corporation's directors, NEO and senior officers that the Committee feels is suitable, primarily by comparison of the remuneration paid by other companies that the Committee feels are similarly placed within the same business as the Corporation.

Market comparisons as well as evaluation of similar positions in the same industry and/or in the same geography are among the criteria used in recommending compensation levels. Following a review of such criteria, the Compensation Committee makes a recommendation to the Board of Directors, which may adopt the recommendation or modify it as it sees fit.

Compensation provided to Named Executive Officers consists of two principal components: (1) base salaries; and (2) Options granted pursuant to the Corporation's Stock Option Plan.

**Base salaries** – The Corporation's view of base salaries is that they should be competitive with industry peers, to the extent that can be determined, and with other public companies at similar stages of development and having similar assets, number of employees, market capitalization and profit margin. Employment agreements entered into with certain Named Executive Officers also provide for salary adjustments that are tied to corporate targets.

**Options** – Pursuant to the Corporation's Stock Option Plan, the board of directors of the Corporation, at its discretion, determines all grants of stock options to Named Executive Officers. Such grants are considered incentives intended to align the Named Executive Officers' and shareholders' interests in the long term. The Corporation emphasizes stock options in executive compensation as they allow the Named Executive Officers to share in corporate results in a manner that is relatively cost-effective despite the effects of treating stock options as a compensation expense. The Compensation Committee provides recommendations to the board of directors with respect to option grants to Named Executive Officers.

# NexgenRx Inc.

The objective of the Board of Directors and the Compensation Committee in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long term interests of the shareholders, while at the same time preserving cash flows. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors (following recommendation of the Compensation Committee) sets the compensation received by NEO so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors and the Compensation Committee relies primarily on their own experience and knowledge.

## Pension disclosure

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement for the Directors and NEOs.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

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

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders	5,000,000	\$0.24	1,991,921
Equity compensation plans not approved by security holders	Nil	N/A	Nil
<b>Total</b>	<b>5,000,000</b>	<b>\$0.24</b>	<b>1,991,921</b>

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

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

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

None of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation, except as disclosed below:

# NexgenRx Inc.

Since the commencement of the year ended December 31, 2020, the Corporation entered into the following transactions with related parties:

- In December 2015, two shareholders of the Corporation issued an unsecured loan to the Corporation in the amount of \$150,000. At July 1, 2020, the balance outstanding of \$150,000 was converted into 600,000 Series 1 Preferred Shares at an ascribed price of \$0.25 per share.
- In November 2017, a shareholder of the Corporation issued an unsecured loan to the Corporation in the amount of \$300,000. Principal and annualized interest of 8% on the loan were payable in 48 monthly instalments of \$6,250 with a final payment due on October 31, 2021. In March 2021, the remaining balance of \$100,000 was converted into 400,000 Series 1 Preferred Shares at an ascribed price of \$0.25 per share.
- The secured loan from an arm's length shareholder in the aggregate amount of \$1,750,000 matured on July 25, 2019. The Corporation made a repayment of \$1,250,000 in 2019. The Corporation made a repayment of \$1,250,000 during the third quarter of 2019, with the remaining loan balance of \$500,000 being extended to August 31, 2021 at a rate of six percent (6%) per annum with monthly payments of \$20,833.33. The loan is secured by a promissory note and general security agreement. The balance outstanding was fully repaid on October 15, 2020.
- On August 15, 2018, in connection with the acquisitions of Canadian Benefit Administrators and MyBenetech Inc., a portion of the purchase price was settled with notes payable of \$1,200,000 due on the second anniversary of the closing date. Of the total, \$1,100,000 was to be paid in cash (subject to adjustments), with the remaining \$100,000 in consideration being issued in the form of shares at a price based upon the ten (10) day average closing price on the two year anniversary of closing (or earlier, in the event of acceleration upon a change of control). In January 2021, the Company retired the loan and made a repayment to the principal and interest accrued, in the amount of \$583,799. In March 2021, the Company retired the equity note in the amount of \$100,000 through the issuance of 416,667 common shares at a price of \$0.24 per share.
- On May 30, 2019, a shareholder of the Corporation issued a loan to the Corporation in the amount of \$75,000. The loan bears interest at 8% and is repayable over ten monthly of equal principal instalments of \$7,500 with a final payment paid on April 1, 2020. Amortized cost approximates fair value for this liability due to its short-term nature.
- In August and September 2019, four shareholders of the Corporation issued an unsecured loan to the Corporation in the amount of \$1,250,000 (an additional \$25,000 was advanced by another investor). The proceeds of this loan reduced the above referenced shareholder loan by this \$1,250,000. Annualized interest of 8% on the loan was payable monthly with a final bullet payment due on January 31, 2021. On July 1, 2020, the balance outstanding of \$1,250,000 was converted into 5,000,000 Series 1 Preferred Shares at an ascribed price of \$0.25 per share.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

## **MANAGEMENT CONTRACTS**

Except as disclosed in this Information Circular, the Corporation does not have in place any management contracts between the Corporation and anyone other than its directors or officers and there are no management functions of the Corporation that are to any substantial degree performed by a person or company other than the directors or officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

# NexgenRx Inc.

## **AUDIT COMMITTEE**

Please see the attached Schedule "B" for information on the Audit Committee (Form 52-110F1).

## **CORPORATE GOVERNANCE**

Please see the attached Schedule "C" for information on the Corporation's Corporate Governance (Form 58-101F2).

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at [www.sedar.com](http://www.sedar.com).

The delivery of this Information Circular has been approved by the directors of the Corporation.

**Appendix "A"**  
**to the Information Circular of NexgenRx Inc.**

**NEXGENRX INC.**

**STOCK OPTION PLAN**

**1. The Plan**

A stock option plan (the "Plan"), pursuant to which options to purchase common shares, or such other shares as may be substituted therefor ("Shares"), in the capital of NexgenRx Inc. (the "Corporation") may be granted to the directors, officers and employees of the Corporation and to consultants retained by the Corporation, is hereby established on the terms and conditions set forth herein.

**2. Purpose**

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and consultants retained by the Corporation to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

**3. Administration**

(a) This Plan shall be administered by the board of directors of the Corporation (the "Board").

(b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as defined in paragraph 3(d) below), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan, and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.

(c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of this Plan pursuant to this Section 3.

(d) Options to purchase the Shares granted hereunder ("Options") shall be evidenced by (i) an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve, or (ii) a written notice or other instrument, signed by the Corporation, setting forth the material attributes of the Options.

**4. Shares Subject to Plan**

(a) Subject to Section 15 below, the securities that may be acquired by Participants upon the exercise of Options shall be deemed to be fully authorized and issued Shares of the Corporation.

Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15 below.

(b) The aggregate number of Shares reserved for issuance under this Plan, or any other plan of the Corporation, shall not, at the time of the stock option grant, exceed ten percent (10%) of the total number of Shares then issued and outstanding (calculated on a non-diluted basis) unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed to exceed such threshold.

(c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any un-purchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan

## **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the Corporation's obligations under all outstanding Options granted pursuant to this Plan.

## **6. Eligibility and Participation**

(a) The Board may, in its discretion, select any of the following persons to participate in this Plan:

- (i) directors of the Corporation;
- (ii) officers of the Corporation;
- (iii) employees of the Corporation; and

(iv) consultants retained by the Corporation, provided such consultants have performed and/or continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of material value to the Corporation; (any such person having been selected for participation in this Plan by the Board is herein referred to as a "Participant").

(b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.

(c) The Corporation represents that, for any Options granted to an officer, employee or consultant of the Corporation, such Participant is a *bona fide* officer, employee or consultant of the Corporation.

## **7. Exercise Price**

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Shares may be acquired upon the exercise of such Option provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Shares are then listed. In addition, the exercise price of an Option must be paid in cash. Disinterested shareholder approval shall be obtained by the Corporation prior to any reduction to the exercise price if the affected Participant is an insider (as defined in the *Securities Act* (Ontario)) of the Corporation at the time of the proposed amendment.

## **8. Number of Optioned Shares**

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed five percent of the total number of issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold and provided further that the number of Options granted to any one consultant in a 12 month period shall not exceed 2% of the total number of issued and outstanding Shares and the aggregate number of Options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any 12 month period. The Corporation shall obtain shareholder approval for grants of Options to insiders (as defined in the *Securities Act* (Ontario)), of a number of Options exceeding 10% of the issued Shares, within any 12 month period.

## **9. Term**

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time that the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time that such Option is granted and Sections 11, 12 and 16 below, provided that:

- (a) no Option shall be exercisable for a period exceeding ten (10) years from the date that the Option is granted unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed and as specifically provided by the Board and as permitted under the rules of any stock exchange or exchanges on which the Shares are then listed;
- (b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are then listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation;
- (c) the Board may, subject to the receipt of any necessary regulatory approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part;
- (d) any Options granted to any Participant must expire within 90 days after the Participant ceases to be a Participant, and within 30 days for any Participant engaged in investor relation activities after such Participant ceases to be employed to provide investor relation activities; and
- (e) should the expiry date of an Option fall within a Black-Out Period or within nine business days following the expiration of a Black-Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black-Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board. "Black-Out Period" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

## **10. Method of Exercise of Option**

- (a) Except as set forth in Sections 11 and 12 below or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation.

- (b) Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time.
- (c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Toronto, Ontario:
  - (i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and
  - (ii) a cash payment, certified cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall use reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares in respect of which the Option has been duly exercised.

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

If any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation (as the case may be) for any reason other than death, his/her Option will terminate at 4:00 p.m. (Toronto time) on the earlier of the date of the expiration of the Option Period and 90 days after the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation as the case may be, and ceases to actively perform services for the Corporation. Notwithstanding the foregoing, an Option granted to a Participant who performs investor relations services on behalf of the Corporation shall terminate on the date that is 30 days after the termination of the employment or cessation of services being provided and shall be subject to Exchange policies and procedures for the termination of Options for investor relations services. For greater certainty, the termination of any Options held by the Participant, and the period during which the Participant may exercise any Options, shall be without regard to any notice period arising from the Participant's ceasing to hold the position or positions of director, officer, employee or consultant of the Corporation (as the case may be).

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall: (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Corporation, as the case may be; or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation, as the case may be.

#### **12. Death of a Participant**

In the event of the death of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death of such Participant, whichever is earlier, and then, in the event of death, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
- (b) to the extent that he/she was entitled to exercise the Option as at the date of his/her death.

### **13. Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

### **14. Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

### **15. Adjustments**

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made to the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share that may be acquired upon the exercise of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent any dilution or enlargement of the same.
- (b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued upon the exercise of an Option following the making of any such adjustment.

### **16. Change of Control**

Notwithstanding the provisions of section 11 or any vesting restrictions otherwise applicable to the relevant Options, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change of control of the Corporation, each Participant shall be entitled to exercise, in whole or in part, the Options granted to such Participant hereunder, either during the term of the Option or within 90 days after the date of the sale or change of control, whichever first occurs.

For the purpose of this Plan, "change of control of the Corporation" means and shall be deemed to have occurred upon:

- (a) the acceptance by the holders of Shares of the Corporation, representing in the aggregate, more than 50 percent of all issued Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares of the Corporation; or
- (b) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares of the Corporation, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than fifty percent (50%) of the combined voting rights of the Corporation's then outstanding Shares; or

- (c) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement); or
- (e) individuals who were members of the Board of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, not constituting a majority of the Board following such election.

**17. Transferability**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall be non-transferable and non-assignable unless specifically provided herein. During the lifetime of a Participant, any Options granted hereunder may only be exercised by the Participant and in the event of the death of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

**18. Amendment and Termination of Plan**

The Board may, at any time, suspend or terminate this Plan. The Board may also, at any time, amend or revise the terms of this Plan, subject to the receipt of all necessary regulatory approvals, provided that no such amendment or revision shall alter the terms of any Options theretofore granted under this Plan.

**19. Necessary Approvals**

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan and Options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

**20. Stock Exchange Rules**

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of the stock exchange or exchanges on which the Shares are listed.

**21. Right to Issue Other Shares**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

**22. Notice**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at its principal address in Toronto, Ontario (Attention: The Chairman); or if to a Participant, to such Participant at his/her address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing then to the last known address of such Participant; or if to any other person, to the last known address of such person.

**23. Gender**

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

**24. Interpretation**

This Plan will be governed by and construed in accordance with the laws of the Province of Ontario.

**Appendix "B"**  
**to the Information Circular of NexgenRx Inc.**

***Audit Committee Charter***

1. **Establishment of Audit Committee:** The directors of the Corporation (the "**Directors**") hereby establish an audit committee (the "**Audit Committee**").
2. **Membership:** The membership of the Audit Committee shall be as follows:
  - (a) The Audit Committee shall be comprised of three members or such greater number as the Directors may from time to time determine.
  - (b) The majority of the members of the Audit Committee shall be independent Directors.
  - (c) Each member of the Audit Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under NI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised by the Corporation's financial statements.
  - (d) Members shall be appointed annually from among members of the Directors. A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a Director of the Corporation.
3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.
4. **Mandate:** The Audit Committee shall have responsibility for overseeing:
  - (a) the accounting and financial reporting processes of the Corporation; and
  - (b) audits of the financial statements of the Corporation.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year-end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

- (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;
- (b) overseeing the work of the external auditors engaged for purpose of preparing or issuing, an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

- (c) reviewing annually and recommending to the Directors:
  - (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
  - (ii) the compensation of the external auditors.
- (d) discussing with the external auditor:
  - (i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;
  - (ii) significant changes in the Corporation's accounting principles, practices or policies; and
  - (iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation.
- (e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:
  - (i) the financial statements;
  - (ii) MD&A and related financial disclosure contained in continuous disclosure documents;
  - (iii) significant changes, if any, to the initial audit plan;
  - (iv) accounting and reporting decisions relating to significant current year events and transactions;
  - (v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under Canadian generally accepted auditing standards.
- (f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:
  - (i) the interim financial statements;
  - (ii) the interim MD&A; and
  - (iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies.

- (g) receipt from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between ) the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor.
- (h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.
- (i) reviewing and discussing with the external auditors and senior financial management: the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above.
- (j) establishing and reviewing of procedures for:
- (i) receipt, retention and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;
  - (ii) anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and
  - (iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities.
- (k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures.
- (l) reviewing and/or considering that, with regard to the previous fiscal year,
- management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
  - the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;
  - the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
  - in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with the with Canadian International Financial Reporting Standards ("IFRS") in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:
- (a) A quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee.
  - (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed.
  - (c) The Audit Committee may invite such Directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The independent auditor is to appear before the Audit Committee when requested to do so by the Audit Committee.
  - (d) The time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation.
  - (e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting.
  - (f) Notice of meetings of the Audit Committee may be given to the independent auditor and shall be given in respect of meetings relating to the annual audited financial statements. The independent auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the independent auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or shareholders of the Corporation.
  - (g) The Audit Committee shall report to the Directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee.
  - (h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the Directors, officers, employees and independent auditor of the Corporation and its affiliates.
  - (i) Minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.

- (j) The Audit Committee shall, upon the approval of the Directors, adopt a formal written charter, which sets out the Audit Committee's responsibilities, the way they should be implemented and any other requirement such as membership and structure of the Audit Committee. The Audit Committee shall review and reassess the adequacy of the charter on an annual basis.
- (k) The Audit Committee shall ensure and/or consider that, with regard to the previous fiscal year,
  - (i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
  - (ii) the external auditor and the Audit Committee have discussed the independent auditor's judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's and/or the Corporation's financial statements;
  - (iii) the Audit Committee, on its own (without management or the independent auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
  - (iv) in reliance on review and discussions conducted with management and outside auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with the IFRS in all material respects.
- (l) The Audit Committee shall have the authority to:
  - (i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;
  - (ii) set and pay the compensation for any advisors employed by the Audit Committee; and
  - (iii) communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.

***Relevant Education and Experience***

Each of the members of the Audit Committee has the education and/or experience that is relevant or necessary for them to carry out their duties as a member of the Audit Committee.

Mr. Corcoran has held senior domestic and international executive roles at IBM Canada, IBM Corporation (Armonk, New York), Confederation Life, KPMG and Canada Life (Canada and U.K.). Over the past 30 years, Mr. Corcoran has held a number of corporate directorships and is currently Chairman of NexgenRx Inc.; Chairman, MEMOTEXT Corporation; and Director, Arts and TV Inc. He has served on the boards of Assure Health Inc, Canada Life General Insurance and Canada Life U.K. Limited (U.K.). He is also past Chair, the Ontario Ministry of Health, Health Professions Regulatory Advisory Council.

Mr. Burns served as Director, Audit Chair of Phoenix Canada Oil Company for over 10 years. He also served as a Director and Audit Chairman of Starrex International Limited since June 2014. He has served as President, Serpent River Power Corporation, since 2001.

Mr. McGlynn is a senior insurance industry executive with a distinguished career in sales, marketing and benefits consulting as well as C-level experience as the former President & CEO of the Ontario Teacher's Insurance Plan (OTIP). Mr. McGlynn is currently Chairman of Teacher's Life, an insurance fraternal selling, servicing and managing claims for Life, Accidental Death and Dismemberment and Long Term Disability for Ontario's education community. In addition, Mr. McGlynn is a Trustee of Automotive Sector Retiree Trust and Ontario Secondary School Teachers Federation Employee Life and Health Trust (ELHT).

For a further description of the Audit Committee members' backgrounds, see the profiles that appear herein under the heading, "Matters To Be Acted Upon At The Meeting – Election of Directors" in the accompanying Information Circular.

***Reliance on Certain Exemptions***

The Corporation did not at any time since the commencement of the most recently completed financial year rely on an exemption in section 2.4 or Part 8 of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"), in whole or in part.

***Audit Committee Oversight***

The Directors accepted all recommendations of the Audit Committee since the commencement of the most recently completed financial year regarding the recommendation to nominate or compensate an external auditor.

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

The Audit Committee shall have authority and responsibility for pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<u>Fiscal Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
2020	\$84,637	\$9,068	\$15,718	\$12,563
2019	\$87,600	\$6,046	\$15,114	\$8,234

***Exemption***

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110.

**Appendix "C"**  
**to the Information Circular of NexgenRx Inc.**

**CORPORATE GOVERNANCE**

Pursuant to National Policy 58-101 *Disclosure of Corporate Governance Practices* the Corporation is required to and hereby discloses its corporate governance practices as follows.

**1. Board of Directors**

The Board of Directors of the Corporation (the "Board") facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

The following directors are currently considered "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Corporation, other than the interests and relationships arising from shareholdings: Thomas F. Corcoran, Charles Burns and Randy McGlynn.

The following director is, or has been within the past three years, a member of management and thus is not considered independent: Ronald C. Loucks.

**2. Directorships**

The following current and proposed directors of the Corporation presently serve as directors of other reporting issuers as follows:

<u>Director</u>	<u>Other Reporting Issuer</u>
Ronald C. Loucks	None
Thomas F. Corcoran	None
Charles Burns	Phoenix Canada Oil Company Starrex International Limited
Randy McGlynn	None

**3. Orientation and Continuing Education**

Directors are provided with a Director's Manual, corporate documentation and have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities are tailored to the particular needs and expertise of each director and the overall needs of the Board. Mr. Corcoran has formal governance accreditation through the Institute of Corporate Directors.

**4. Ethical Business Conduct**

The Board of Directors of the Corporation has adopted a written Code of Business Conduct & Ethics (the "Code") for its directors, officers, employees and consultants. As a measure to encourage compliance with the proposed Code, the Board has also established a whistleblower policy which details the complaint procedures for financial concerns.

The Board must comply with the conflict of interest provisions of the *Business Corporations Act* (Ontario), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transaction and agreements in respect of which a director or executive officer has a material interest.

In addition to the Code, the Board has adopted a Corporate Disclosure Policy and a Policy on Trading and Confidentiality of Insider Information.

## **5. Nomination of Directors**

The Board has established a Corporate Governance and Nominating Committee, which has been charged to consider and report periodically to the Board on all matters relating to the selection and qualification of members of the Board. In order to identify new candidates for nomination to the Board, the Board of Directors of the Corporation considers the recommendation of the Corporate Governance and Nominating Committee, in addition to the advice and input of the entire board of directors, regarding:

- a. the appropriate size of Board, the necessary competencies and skills of the Board as a whole and the competencies and skills of each director individually; and
- b. the identification and recommendation of new individuals qualified to become a new Board member. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.

In reviewing "board diversity", the Corporate Governance and Nominating Committee has resolved that the nomination of any new board members should be based upon the individual nominee being the best qualified candidate at such time, though noted that if a search process for new candidates were to be conducted, it should be ensured that female candidates are considered.

The Board of Directors has also adopted a Majority Voting Policy stipulating that in an uncontested election of directors (being an election where the number of nominees for director positions is equal to the number of directors authorized to be elected upon such election, as determined by the Board of Directors or Shareholders), if the number of Common Shares "withheld" for any nominee exceeds the number of Common Shares voted "for" the nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, the director shall be required to forthwith submit his/her resignation as a director (and, as applicable, a member of any committee of the Board of Directors) to the Chairman of the Board of Directors following the applicable Shareholders' meeting (and in any event, within seven (7) days of such meeting), which shall become effective upon acceptance by the Board of Directors.

## **6. Compensation**

The Compensation Committee recommends to the Board of Directors of the Corporation the compensation of the Corporation's directors and the CEO and senior officers that the Committee feels is suitable, primarily by comparison of the remuneration paid by other corporations that the Committee feels are similarly placed within the same business as the Corporation.

## **7. Other board Committees**

Other than the Audit and Compensation Committees, the Corporation does not have any Board Committees other than the Corporate Governance and Nominating Committee.

A written charter establishing and governing the Corporate Governance and Nominating Committee has been approved by the Board. This Committee is to be composed of not fewer than two directors, a majority of which are to be "independent". Members are to be appointed annually and meetings are to be held at least twice annually. The Corporate Governance and Nominating Committee's purpose is to provide leadership in shaping the corporate governance policies and practices of the Corporation, and to consider on an ongoing basis the composition of the Board, including putting forward nominations for the appointment of directors by the Board. In furtherance of those responsibilities, the Committee shall:

- (a) recommend to the Board a system of corporate governance policies and practices, monitor its implementation and, as appropriate, recommend updates and improvements to it;

- (b) monitor outside corporate governance regulations and developments, keep the Board sufficiently informed and recommend actions as appropriate;
- (c) coordinate an annual corporate governance review process to be operated by the Board;
- (d) be responsible for the implementation of systems designed to ensure that required corporate governance disclosures are made in a timely manner;
- (e) at least annually, review the Board mandate and the mandates of the Board's committees and recommend appropriate changes;
- (f) at least annually, review the composition of the Board and its committees and recommend action as appropriate;
- (g) be responsible for the implementation of systems designed to ensure that a majority of the directors are independent according to applicable rules and regulations;
- (h) on an on-going basis, maintain a list of potential new directors and, as required, recommend candidates to join the Board;
- (i) be responsible for the implementation of systems designed to ensure that (i) newly elected directors and committee members receive effective and comprehensive orientation, (ii) all directors are provided continuing education opportunities, both to maintain and enhance their skills and abilities as directors, and (iii) directors' knowledge and understanding of the Corporation's business remains current;
- (j) coordinate the periodic assessment of the effectiveness of the Board, its committees and individual directors;
- (k) assist in establishing procedures for effective Board meetings and otherwise ensure that processes, procedures and structures are in place to ensure that the Board functions independently of the Corporation's management and without conflicts of interest;
- (l) confirm that systems and processes are in place to ensure that the Board can fulfill its responsibility for oversight of the Corporation's investor relations and public relations activities;
- (m) confirm that systems and processes are in place to ensure effective monitoring of the Corporation's shareholder base, receipt of shareholder feedback and responses to shareholder concerns;
- (o) annually review its mandate and any other documents used by the Committee in fulfilling its responsibilities; and
- (p) make its own rules of procedure "not inconsistent with its mandate".

## **8. Assessments**

Together with the Corporate Governance and Nominating Committee (and in accordance with and consideration of the recommendations thereof), the Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.