



**ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD ON THURSDAY, DECEMBER 15, 2016**

**NOTICE OF MEETING  
AND MANAGEMENT INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ZENITH CAPITAL CORP. OF PROXIES TO BE VOTED AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF ZENITH CAPITAL CORP. TO BE HELD ON THURSDAY, DECEMBER 15, 2016.*

**TO BE HELD AT:  
Mount Royal University  
Ross Glen Hall, Room EC1040  
4825 Mount Royal Gate SW  
Calgary, Alberta**

**At 11:00 a.m. (Calgary Time)**

Dated: November 3, 2016

**ZENITH CAPITAL CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 15, 2016**

TAKE NOTICE that an Annual and Special Meeting (the "**Meeting**") of the holders of common shares ("**Common Shares**") of Zenith Capital Corp. (the "**Corporation**") will be held on Thursday, December 15, 2016 at 11:00 a.m. (Calgary time), at Mount Royal University, Ross Glen Hall, Room EC1040, 4825 Mount Royal Gate SW, Calgary, Alberta for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended April 30, 2016 and the report of the auditors thereon, and the unaudited financial statements of the Corporation for the interim period ended July 31, 2016;
2. to set the number of directors to be elected at the Meeting at five (5);
3. to elect directors for the ensuing year as described in the accompanying management information circular (the "**Management Information Circular**");
4. to appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider, and if thought fit, pass an ordinary resolution to authorize and direct the Corporation to vote, or sign a written resolution, as the sole holder of the Royalty Preferred Shares of Resverlogix Corp. in favour of the proposed amendments to the terms of the Royalty Preferred Shares, as more particularly described in the Management Information Circular; and
6. to transact such other business that may properly come before the Meeting or any adjournment thereof.

The details of all matters to be put before shareholders at the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

The board of directors has fixed the close of business on November 1, 2016 as the record date for determining holders of Common Shares who are entitled to notice of and to attend and vote at the Meeting.

Your participation as a shareholder is very important to the Corporation. If you do not expect to attend the Meeting in person and would like your Common Shares represented, please execute and return the accompanying form of proxy to the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department), prior to 11:00 a.m., Calgary time, on December 13, 2016, or at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays, preceding any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

DATED at Calgary, Alberta, this 3<sup>rd</sup> day of November, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Donald J. McCaffrey*"

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Donald J. McCaffrey  
Chairman of the Board

## ZENITH CAPITAL CORP.

### MANAGEMENT INFORMATION CIRCULAR

For the Annual and Special Meeting of Shareholders  
to be held on Thursday, December 15, 2016

### PROXIES

#### Solicitation of Proxies

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Zenith Capital Corp.** (the "**Corporation**") for use at the Annual and Special Meeting of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of the Corporation to be held on Thursday, December 15, 2016, at Mount Royal University, Ross Glen Hall, Room EC1040, 4825 Mount Royal Gate SW, Calgary, Alberta at 11:00 a.m. (Calgary time) and at any adjournment thereof (the "**Meeting**"), for the purposes set forth in the accompanying Notice of Meeting. Only Shareholders of record at the close of business on November 1, 2016 (the "**Record Date**") are entitled to notice of, and to attend and vote at, the Meeting, unless a Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder establishes ownership to the Common Shares and demands, not later than 10 days before the Meeting, that the transferee's name be included on the list of Shareholders.

#### Notice to Beneficial Holders of Common Shares

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

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable "voting instruction form" in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access Broadridge's dedicated voting website ProxyVote.com (each as noted on the voting instruction form) to deliver their voting instructions and vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form

cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.

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

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

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

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

Management of the Corporation does not intend to pay for intermediaries to forward to objecting beneficial owners under NI 54-101 the Meeting materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary, and in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the Meeting materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

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

Shareholders that cannot attend the Meeting in person are requested to complete, sign, date and return the accompanying form of proxy ("**Form of Proxy**") in the envelope provided. The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. In order to be effective, the proxy must be deposited at the office of the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, or by phone at 1-866-732-8683, or by internet at [www.investorvote.com](http://www.investorvote.com), not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting.

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

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

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

### **Voting by Internet**

The Corporation's Shareholders may use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site. Shareholders will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 11:00 a.m. (Calgary time) on December 13, 2016 or 48 hours prior to the time of any adjournment of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

### **Persons Making the Solicitation**

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

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

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for at the Meeting and where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

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

## Quorum

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

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is November 3<sup>rd</sup>, 2016, the Corporation has 125,352,200 Common Shares issued and outstanding and nil Preferred Shares issued and outstanding.

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

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

<b>Beneficial Owner</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Outstanding Common Shares</b>
Eastern Capital Limited Cayman Islands	47,760,500	38.1%
NGN BioMed Opportunity II LP New York, U.S.A.	12,603,004	10.1%

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Presentation of Financial Statements

The consolidated financial statements of the Corporation for the year ended April 30, 2016, together with the auditors' report on those financial statements, have been mailed to the registered Shareholders of the Corporation and those Beneficial Shareholders who responded to the Corporation's supplemental mail list card. The unaudited financial statements of the Corporation for the interim period ended July 31, 2016 have been mailed to Shareholders on the supplemental mail list. These financial statements are also available on the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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

The Articles of the Corporation provide that the minimum number of directors shall be three and the maximum number shall be 12. There are currently five directors. At the Meeting, Shareholders will be asked to set the board of directors of the Corporation (the “**Board**”) at five and to elect five directors to serve until the next annual general meeting, or until their respective successors have been elected or

appointed. **Unless otherwise directed, the Common Shares of the Corporation represented by proxy in favour of management designees will be voted FOR the election of nominees herein listed.**

### ***Nominees for Election***

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

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

<b>Name and Residence</b>	<b>Director Since</b>	<b>Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled or Directed as at Effective Date<sup>(1)</sup></b>
<b>Donald J. McCaffrey</b> Alberta, Canada	April 10, 2013	Chairman, President and CEO of the Corporation. Chairman, President and CEO of Resverlogix Corp., a clinical stage biotechnology company.	3,946,589
<b>Kelly McNeill</b> <sup>(2)(3)(4)</sup> Manitoba, Canada	April 10, 2013	CFO of RTDS Technologies Inc., a company that provides real time digital power system simulation. Director of Resverlogix Corp., a clinical stage biotechnology company.	40,000
<b>Dr. Eldon R. Smith</b> <sup>(2)(3)(4)</sup> Alberta, Canada	April 10, 2013	President and CEO, Eldon R. Smith & Associates Ltd., a private healthcare consulting company. Chairman of Aston Hill Financial Inc., a financial management company; Director of Intellipharma International Inc., a biotech/pharmaceuticals company; and Director of Resverlogix Corp., a clinical stage biotechnology company. Emeritus Professor of Medicine and Former Dean, Faculty of Medicine, University of Calgary.	136,000 <sup>(5)</sup>
<b>Dr. Norman Wong</b> <sup>(3)(4)</sup> Alberta, Canada	November 26, 2015	Medical Doctor, Fellow of the Royal College of Physicians and Surgeons of Canada, Endocrinology, chromatin structure and its proteins, Chief Scientific Officer of Resverlogix Corp., a clinical stage biotechnology company.	3,154,959
<b>Kenneth Zuerblis</b> <sup>(2)</sup> Florida, U.S.A.	April 10, 2013	Certified Public Accountant. Director of Stemline Therapeutics, Inc., a clinical stage biopharmaceutical company, and Director of Resverlogix Corp., a clinical stage biotechnology company.	140,537 <sup>(6)</sup>

**Notes:**

- (1) Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, as at the Effective Date, is based upon the information furnished to the Corporation by the above individuals.
- (2) Directors who are currently members of the Corporation's Audit and Finance Committee. Mr. Zuerblis is the Chair.
- (3) Directors who are currently members of the Corporation's Corporate Governance and Nominating Committee. Dr. Smith is the Chair.

- (4) Directors who are currently members of the Corporation's Compensation and HR Committee. Mr. McNeill is the Chair.
- (5) Includes 6,000 Common Shares registered in the name of Eldon R. Smith & Associates Ltd.
- (6) Includes 25,000 Common Shares registered jointly with Mr. Zuerblis' spouse.

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

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

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

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

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

KPMG LLP are the current auditors of the Corporation and were first appointed as auditors on April 10, 2013. At the Meeting, Shareholders will be requested to re-appoint KPMG LLP, Chartered Accountants, as the independent auditors of the Corporation to hold office until the next annual general meeting of the Shareholders and to authorize the Board to fix the auditors' remuneration.

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

### **4. Amendment to Royalty Preferred Shares held by the Corporation**

The Corporation currently holds 75,202,620 royalty preferred shares ("**Royalty Preferred Shares**") in the capital of Resverlogix Corp. ("**Resverlogix**"). The Royalty Preferred Shares entitle the Corporation to receive dividends equal to a percentage of potential future revenue from the licensing of, or sale of certain pharmaceutical product in which Resverlogix holds an intellectual property right, including Resverlogix's lead drug candidate, apabetalone/RVX-208. Resverlogix has proposed certain amendments to the terms of the Royalty Preferred Shares which require the approval of the Corporation in order to be implemented. At the Meeting, the Corporation will request that Shareholders consider these amendments and, if

thought fit, authorize and direct the Corporation to approve the amendments (the “**Royalty Preferred Share Resolution**”).

Resverlogix proposes to amend the Royalty Preferred Shares to provide that the holder of Royalty Preferred Shares is entitled to a dividend calculated based on a percentage of net revenue earned from the sale or licensing of any pharmaceutical product in which Resverlogix holds an intellectual property right and remove the current requirement that the pharmaceutical product elevate plasma levels of a certain lipoprotein associated with a decreased risk of atherosclerosis and coronary heart disease. Resverlogix determined that this amendment is necessary and appropriate based on detailed analysis of the results of the Corporation’s phase 2 clinical program, as more particularly discussed below. A copy of the amended terms of the Royalty Preferred Shares, with the proposed amendments highlighted, is attached hereto as Appendix B.

### ***Background Regarding Royalty Preferred Shares***

The Royalty Preferred Shares were issued to the Corporation on June 3, 2013 as part of the spin-off transaction that resulted in Resverlogix’s epigenetic platform technology (excluding apabetalone/RVX-208) being transferred to the Corporation and shareholders of Resverlogix at the time of that transaction receiving common shares of the Corporation.

The terms of the Royalty Preferred Shares were amended on July 2, 2015 to limit the dividends payable to holders of Royalty Preferred Shares in a particular period to amounts received by Resverlogix during that period and to include certain additional deductions in the calculation of net revenue subject to the royalty. These amendments were necessary to align the terms of the Royalty Preferred Shares with the terms of the royalties to which Resverlogix would be entitled pursuant to a license agreement entered into with Shenzhen Hepalink Pharmaceutical Co., Ltd. on July 8, 2015.

The Royalty Preferred Shares entitle the Corporation to cumulative preferential dividends in an amount ranging from 6% to 12% of Net Apo Revenue during any year, subject to an adjustment for tax payable on the dividend. The dividend amount is calculated based on 6% of Net Apo Revenue of up to US\$1 billion, 8% of Net Apo Revenue of between US\$1 billion and US\$2 billion, 10% of Net Apo Revenue between US\$2 billion and US\$5 billion and 12% of Net Apo Revenue in excess of US\$5 billion.

Net Apo Revenue is defined as the aggregate of the following amounts: (i) amounts received by Resverlogix or its affiliates from any person who is not Resverlogix or its affiliate (a “third party”) in consideration for granting a license or other rights to the third party which entitle the third party to research, develop, make, manufacture, modify, administer, offer to sell, sell or distribute one or more of the Apo Products and/or Apo Intellectual Property Rights (as such terms are defined in the terms of the Royalty Preferred Shares) or amounts received under the terms of such license or other right that are granted to the third party; (ii) the gross consideration received from a third party by Resverlogix, any licensee or their respective affiliates from the sale of any Apo Product (other than consideration received by Resverlogix, any licensee or their respective affiliates from a licensee of such Apo Product or its affiliate); less (A) credits or allowances, if any, actually granted; (B) discounts actually allowed; (C) freight, postage, and insurance charges and additional special packaging charges; (D) customs duties, and excise sales taxes, duties or other taxes imposed upon and paid with respect to such sales (excluding what is commonly known as income taxes); (E) rebates and chargebacks or retroactive price reductions made to federal, state or local governments (or their agencies), or any third party payor, administrator or contractor, including managed health organizations; and (F) commissions related to import, distribution or promotion of any Apo Product paid to third parties (specifically excluding any commissions paid to sales personnel, sales representatives and sales agents who are employees or consultants of, or members of a contract sales force engaged by or on behalf of, Resverlogix, any licensee or their respective affiliates); and (iii) amounts received from a third party by Resverlogix or its affiliates in consideration for the sale of any Apo Intellectual Property Right.

Net Apo Revenue is calculated, among other things, based on Apo Products and Apo Intellectual Property Rights, which are limited to products and intellectual property rights that fall within the field of the

prevention, treatment or mitigation of any disease via the administration of a pharmaceutical agent that results in therapeutic relevant elevation in the plasma levels of Apolipoprotein A-1 ("ApoA-1") that in a predictable model of ApoA-1 expression, using either a human or nonhuman primate model, the pharmaceutical agent is demonstrated to have at least a seven percent (7%) increase in humans and fifty percent (50%) increase in nonhuman primates in the ApoA-1 plasma level in two consecutive weeks of treatment using less than 30 milligrams – b.i.d. (60 milligrams per day) of the pharmaceutical agent per kilogram of the weight of the subject.

In the event that Resverlogix does not declare and pay the dividend on the applicable payment date, holders of Royalty Preferred Shares are entitled to receive additional cumulative preferential dividends in an amount equal to twenty percent (20%) per annum of the dividend payable on such payment date, subject to a tax adjustment, calculated daily and compounded monthly.

In the event of the liquidation, dissolution or winding-up of Resverlogix, whether voluntary or involuntary, or any other return of capital or distribution of assets of Resverlogix among its shareholders for the purpose of winding up its affairs, the holders of the Royalty Preferred Shares are entitled to receive in respect of each such share, before any distribution of any part of the assets of Resverlogix among the holders of Common Shares or other shares of Resverlogix ranking junior to the Royalty Preferred Shares, an amount equal to the greater of \$1.00 divided by the number of outstanding Royalty Preferred Shares and the amount of any accrued, but unpaid dividends.

### ***Results of Analysis of Phase 2 Clinical Program***

Based on Resverlogix's observed reduction in major adverse cardiovascular events ("MACE") from the pooled analysis of its SUSTAIN and ASSURE clinical trials, the driving factors responsible for the improved cardiovascular disease outcomes were further investigated. Resverlogix conducted additional research and in-depth analysis of the activity of apabetalone/RVX-208, and apabetalone/RVX-208-mediated BET inhibition was demonstrated to affect multiple processes important for cardiovascular disease. In addition to effects on lipoproteins (including ApoA-1, as previously understood), apabetalone/RVX-208 represses pathways underlying the pathogenesis of atherosclerosis and cardiovascular disease as well as potentially other indications.

### ***Proposed Amendments***

The terms of the Royalty Preferred Shares currently entitle the Corporation as holder of the Royalty Preferred Shares to a dividend calculated based on a percentage of net revenue earned by Resverlogix from the sale or licensing of products or intellectual property rights that increase the plasma levels of ApoA-1, a component of the complex of lipids and proteins that are associated with a decreased risk of atherosclerosis and coronary heart disease.

As indicated above, detailed study of the results of Resverlogix's clinical trial program indicates that apabetalone has been shown to affect expression of numerous targets important for cardiovascular disease and ApoA-1 is only one of these targets. Therefore, Resverlogix has determined that it is necessary to amend the terms of the Royalty Preferred Shares to remove the requirement that the pharmaceutical agent elevate plasma levels of ApoA-1.

The specific amendments to the terms of the Royalty Preferred Shares are highlighted in the attached Appendix B.

### ***Disclosure of Interest***

In accordance with the *Business Corporations Act* (Alberta), each of the directors of the Corporation, being Donald McCaffrey, Norman Wong, Kelly McNeill, Eldon Smith and Kenneth Zuerblis and certain officers of the Corporation, being Donald McCaffrey (President and Chief Executive Officer) and Brad Cann (Chief Financial Officer) have disclosed an interest in the Royalty Preferred Share Resolution

insofar as such individuals also serve as directors and officers of, or have a material interest in, Resverlogix, the issuer of such shares. In particular, Mr. McCaffrey owns 4,634,406 common shares of Resverlogix and Dr. Wong owns 3,104,959 common shares of Resverlogix, representing 4.4% and 2.9% of the outstanding common shares of Resverlogix, respectively. Due to the interest of the directors and officers in the Royalty Preferred Share Resolution, the Board of Directors determined to submit the Royalty Preferred Share Resolution to Shareholders for their consideration and not to make any recommendation with respect thereto.

### ***Text of Shareholder Resolution***

To be effective, the ordinary resolution related to the Royalty Preferred Share Amendment must be passed by a majority of the votes cast thereon by the holders of Common Shares at the Meeting. The text of the resolution is set out below. The persons designated in the enclosed form of proxy or voting instruction form, unless instructed otherwise, intend to vote FOR the resolution.

**BE IT RESOLVED** as an ordinary resolution that:

1. The Corporation is authorized and directed to vote, or sign a written resolution, as the sole holder of the Royalty Preferred Shares of Resverlogix Corp. in favour of the proposed amendment to the Royalty Preferred Shares described in the Management Information Circular dated November 3, 2016; and
2. Any one of the directors or officers of the Corporation is hereby authorized to sign all such agreements, instruments and documents and to do all such acts and things as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.

## **EXECUTIVE COMPENSATION**

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

#### ***Named Executive Officers***

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

The Named Executive Officers of the Corporation for the year ended April 30, 2016 were:

Donald J. McCaffrey, Chairman of the Board, President and Chief Executive Officer  
A. Brad Cann, Chief Financial Officer and Secretary  
Sanjay Lakhota, Chief Business Officer

#### ***Compensation Elements***

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

1. Base Salary

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

2. Short Term Incentive Plan - Annual Bonuses

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

The performance targets for the NEOs and other executive officers are established annually in connection with the achievement of goals and objectives for the Corporation. The key areas of the fiscal 2016 corporate goals and objectives were: i) advancing the Corporation's pan-BETi program; ii) advancing the Corporation's BETi discovery program; and iii) financial performance, including achieving budgets, financial reporting and financing. With the exception of the CEO (whose compensation was based solely on achieving corporate objectives), a certain percentage of the NEOs overall compensation related to additional individualized objectives each was expected to achieve during the year.

3. Long-Term Equity Based Incentives

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

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

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

***Determination of Executive Compensation***

The compensation of Named Executive Officers is reviewed and considered by the Board on an annual basis. The Board has established a Compensation and HR Committee comprised of a majority of independent directors. The purpose of the Compensation and HR Committee is to assist the Board in fulfilling its responsibilities by reviewing and making recommendations to the Board on its findings and conclusions on matters relating to the compensation of the NEOs and directors of the Corporation and its subsidiaries in the context of the budget, business plan and competitive environment of the Corporation; conducting and assisting in the regular reviews and appraisals of the Chief Executive Officer and other NEOs; ensuring appropriate succession plans are in place for the NEOs; and reviewing the Corporation's

overall compensation policies and practices to ensure that the Board considers the risks associated with such policies and practices.

During fiscal 2016, the Compensation and HR Committee, with assistance from the CEO and CFO, conducted an informal compensation review of publicly available data relating to the Corporation's peers' pay levels and practices, which the Corporation has used to compare its existing compensation program and assist with establishing compensation for the next fiscal year.

Following a detailed review, the Compensation and HR Committee recommended and the Board approved an executive and director compensation peer group consisting of biotech companies listed on a Canadian stock exchange with market capitalization between CAD\$75 million to \$150 million that are involved in developing therapeutics. Depending on the NEO's position and available comparative data, up to a total of 12 companies were included in the comparator group, being:

- Stellar Biotechnologies Inc.
- IntelliPharmaCeutics International Inc.
- Trillium Therapeutics Inc.
- Aurinia Pharmaceuticals Inc.
- Medicure Inc.
- BioSyent Inc.
- Theratechnologies Inc.
- Telesta Therapeutics Inc.
- SciVac Therapeutics Inc.
- Essa Pharma Inc.
- Neptune Technologies & Bioresources Inc.
- Tribute Pharmaceuticals Canada Inc.

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

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

### ***Director Compensation***

The compensation of directors is considered by the Compensation and HR Committee on an annual basis (or more frequently if determined necessary by the Board), and recommendations are submitted to the Board for final consideration and approval.

Effective August 21, 2014, the Board agreed to pay the following directors' fees to the Corporation's directors as follows:

Annual Fee for a Director	\$ 15,000
Additional Annual Fee for Chair of the Board	\$ 15,000
Additional Annual Fee for Committee Chairs	\$ 8,000
Additional Annual Fee for Lead Director	\$ 7,500
Meeting Fee for Board Meetings	\$ 1,200
Additional Meeting Fee for Chair of the Board	\$ 1,200
Meeting Fee for Committee Meetings	\$ 850
Additional Meeting Fee for Committee Chairs	\$ 850

Beginning November 1, 2014, as a cash conserving measure, the Board agreed that on a quarterly in arrears basis, and granted effective the last business day of the Corporation's fiscal quarter, the directors of the Corporation would receive RSU's equivalent to the value of the respective directors' fees that would have otherwise been owing to them for the prior quarter, based on the directors' fee schedule approved by the Board on August 21, 2014. The RSU's vest 100 percent 12 months following the date of grant and the deemed value of the RSU's is the most recent available estimate of the fair market value of the Corporation's common shares, but in no case more than three months prior to the date of grant.

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

### Director and Named Executive Officer Compensation Excluding Compensation Securities

The following table sets forth all compensation (other than compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation to the Corporation's NEO's and directors for the two most recently completed financial years.

Table of Compensation Excluding Compensation Securities							
Name and Position	Fiscal Year April 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(7)</sup> (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Donald J. McCaffrey</b> <sup>(1)(5)</sup> Chairman of the Board, President and CEO	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	14,700	Nil	Nil	14,700
<b>A. Brad Cann</b> <sup>(6)</sup> Chief Financial Officer and Secretary	2016	50,000	11,113	N/A	Nil	Nil	61,113
	2015	Nil	Nil	N/A	Nil	Nil	Nil
<b>Sanjay Lakhotia</b> <sup>(2)</sup> Chief Business Officer	2016	368,998	78,966	N/A	Nil	Nil	447,964
	2015	237,167	30,536	N/A	Nil	Nil	267,703
<b>Peter Johann</b> <sup>(3)</sup> Director	2016	Nil	Nil	1,875	Nil	Nil	1,875
	2015	Nil	Nil	19,742	Nil	Nil	19,742
<b>Kelly McNeill</b> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	23,350	Nil	Nil	23,350
<b>Eldon R. Smith</b> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	23,067	Nil	Nil	23,067
<b>Norman Wong</b> <sup>(4)</sup> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Kenneth Zuerblis</b> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	19,100	Nil	Nil	19,100

**Notes:**

(1) Mr. McCaffrey resigned as President, CEO and Secretary of the Corporation on July 23, 2014 and became Chairman of the Board. On April 30, 2015, Mr. McCaffrey was appointed President and CEO and maintained his role as Chairman of the Board. Mr. McCaffrey received board committee and meeting fees in the amounts indicated in the above table for serving as a director in 2015, but did not receive any additional cash compensation for serving as a director in 2016.

- (2) Mr. Lakhotia was appointed Chief Business Officer of the Corporation on July 30, 2014. Amounts paid to Mr. Lakhotia were paid in United States Dollars and for purposes of the above disclosure converted to Canadian Dollars based on an average exchange rate of 1.1499 in 2015 and 1.3155 in 2016.
- (3) Dr. Johann resigned as a director of the Corporation effective November 26, 2015.
- (4) Dr. Wong was appointed as a director of the Corporation effective November 26, 2015.
- (5) The Corporation paid fees to Resverlogix for services during the years ended April 30, 2016 and 2015. During fiscal 2016, Resverlogix paid a salary and other compensation of \$501,019 to Mr. McCaffrey (of which \$250,510 was attributable to the Corporation) and during fiscal 2015, Resverlogix paid a salary of \$404,600 to Mr. McCaffrey (of which \$91,035 was attributable to the Corporation). In addition, for the year ended April 30, 2016, Resverlogix paid bonuses of \$175,219 to Mr. McCaffrey (of which \$87,610 was attributable to the Corporation) and for the year ended April 30, 2015, Resverlogix paid bonuses of \$172,967 to Mr. McCaffrey (of which \$38,918 was attributable to the Corporation).
- (6) The Corporation paid fees to Resverlogix for services during the years ended April 30, 2016 and 2015. During fiscal 2016, Resverlogix paid a salary of \$265,000 to Mr. Cann (of which \$107,500 was attributable to the Corporation) and during fiscal 2015, Resverlogix paid a salary of \$255,283 to Mr. Cann (of which \$134,267 was attributable to the Corporation). In addition, for the year ended April 30, 2016, Resverlogix paid bonuses of \$57,969 to Mr. Cann (of which \$23,428 was attributable to the Corporation) and for the year ended April 30, 2015, Resverlogix paid bonuses of \$132,601 to Mr. Cann (of which \$68,741 was attributable to the Corporation).
- (7) Except as set forth above, the value of perquisites received by each NEO was not in aggregate worth more than 10% of a NEOs total salary for each financial year and the value of perquisites received by each NEO was not in aggregate worth more than \$15,000 for each financial year.

### Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to Named Executive Officers and directors by the Corporation or one of its subsidiaries during the year ended April 30, 2016.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(9)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(6)</sup> (\$)	Closing price of security or underlying security at year end <sup>(6)</sup> (\$)	Expiry date
<b>Donald J. McCaffrey</b> <sup>(1)</sup> Chairman of the Board, President and CEO	Options	50,000 (0.05%)	May 1/15	0.28	n/a	n/a	May 1/20
	RSU's	35,891 (0.04%)	Jul 31/15	n/a	n/a	n/a	n/a
	RSU's	41,530 (0.04%)	Oct 30/15	n/a	n/a	n/a	n/a
	RSU's	21,514 (0.02%)	Jan 29/16	n/a	n/a	n/a	n/a
	RSU's	19,376 (0.02%)	Apr 29/16	n/a	n/a	n/a	n/a
<b>A. Brad Cann</b> <sup>(2)</sup> Chief Financial Officer and Secretary	RSU's	29,000 (0.03%)	May 1/15	n/a	n/a	n/a	n/a
	RSU's	21,000 (0.02%)	May 21/15	n/a	n/a	n/a	n/a
<b>Sanjay Lakhotia</b> <sup>(3)</sup> Chief Business Officer	Options	73,800 (0.07%)	May 21/15	0.28	n/a	n/a	May 21/20
	Restricted Stock	155,900 (0.16%)	May 21/15	n/a	n/a	n/a	n/a
<b>Peter Johann</b> <sup>(4)</sup> Director	Options	30,000 (0.03%)	May 1/15	0.28	n/a	n/a	May 1/20
	Restricted Stock	27,824 (0.03%)	Jul 31/15	n/a	n/a	n/a	n/a
	Restricted Stock	28,784 (0.03%)	Oct 30/15	n/a	n/a	n/a	n/a

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(9)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(6)</sup> (\$)	Closing price of security or underlying security at year end <sup>(8)</sup> (\$)	Expiry date
<b>Kelly McNeill</b> <sup>(5)</sup> Director	Options	30,000 (0.03%)	May 1/15	0.28	n/a	n/a	May 1/20
	RSU's	31,359 (0.03%)	Jul 31/15	n/a	n/a	n/a	n/a
	RSU's	41,868 (0.04%)	Oct 30/15	n/a	n/a	n/a	n/a
	RSU's	16,950 (0.02%)	Jan 29/16	n/a	n/a	n/a	n/a
	RSU's	20,256 (0.02%)	Apr 29/16	n/a	n/a	n/a	n/a
<b>Eldon R. Smith</b> <sup>(6)</sup> Director	Options	30,000 (0.03%)	May 1/15	0.28	n/a	n/a	May 1/20
	RSU's	28,278 (0.03%)	Jul 31/15	n/a	n/a	n/a	n/a
	RSU's	41,868 (0.04%)	Oct 30/15	n/a	n/a	n/a	n/a
	RSU's	19,667 (0.02%)	Jan 29/16	n/a	n/a	n/a	n/a
	RSU's	23,926 (0.02%)	Apr 29/16	n/a	n/a	n/a	n/a
<b>Norman Wong</b> <sup>(7)</sup> Director	Options	30,000 (0.03%)	Dec 21/15	0.47	n/a	n/a	Dec 21/20
	RSU's	8,041 (0.01%)	Jan 29/16	n/a	n/a	n/a	n/a
	RSU's	13,015 (0.01%)	Apr 29/16	n/a	n/a	n/a	n/a
<b>Kenneth Zuerblis</b> <sup>(8)</sup> Director	Options	30,000 (0.03%)	May 1/15	0.28	n/a	n/a	May 1/20
	Restricted Stock	25,196 (0.03%)	Jul 31/15	n/a	n/a	n/a	n/a
	Restricted Stock	38,998 (0.04%)	Oct 30/15	n/a	n/a	n/a	n/a
	Restricted Stock	18,798 (0.02%)	Jan 29/16	n/a	n/a	n/a	n/a
	Restricted Stock	16,929 (0.02%)	Apr 29/16	n/a	n/a	n/a	n/a

Notes:

- (1) As at April 30, 2016, Mr. McCaffrey held 619,400 stock options and 315,036 RSUs.
- (2) As at April 30, 2016, Mr. Cann held 112,000 stock options and 81,550 RSUs.
- (3) As at April 30, 2016, Mr. Lakhota held 573,800 stock options and 155,900 Restricted Stock.
- (4) As at April 30, 2016, Mr. Johann held 240,000 stock options and 124,688 RSUs.
- (5) As at April 30, 2016, Mr. McNeill held 155,000 stock options and 188,517 RSUs.
- (6) As at April 30, 2016, Dr. Smith held 155,000 stock options and 191,823 RSUs.
- (7) As at April 30, 2016, Dr. Wong held 80,000 stock options and 21,056 RSUs.
- (8) As at April 30, 2016, Mr. Zuerblis held 155,000 stock options and 175,266 Restricted Stock.
- (9) The Common Shares issuable upon exercise or vesting of the options, RSUs, and Restricted Stock are not listed on any stock exchange.
- (10) The stock options, RSUs and Restricted Stock listed above vest over zero to two years.

The following table sets forth each exercise of compensation securities by a Named Executive Officers or director during the year ended April 30, 2016.

<b>Exercise of Compensation Securities by Directors and NEOs</b>							
<b>Name and Position</b>	<b>Type of compensation security</b>	<b>Number of underlying securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise<sup>(1)</sup> (\$)</b>	<b>Difference between exercise price and closing price on date of exercise<sup>(1)</sup> (\$)</b>	<b>Total value on exercise date<sup>(1)</sup> (\$)</b>
<b>Donald J. McCaffrey</b> Chairman of the Board, President and CEO	Options	100,000	0.24	Jul 23/15	n/a	n/a	n/a
	RSU's	76,550	n/a	May 26/15	n/a	n/a	n/a
	RSU's	22,950	n/a	May 29/15	n/a	n/a	n/a
	RSU's	35,891	n/a	Jul 31/15	n/a	n/a	n/a
<b>A. Brad Cann</b> Chief Financial Officer and Secretary	RSU's	24,800	n/a	May 26/15	n/a	n/a	n/a
	RSU's	6,750	n/a	May 29/15	n/a	n/a	n/a
<b>Sanjay Lakhotia</b> Chief Business Officer	N/A	-	-	-	-	-	-
<b>Peter Johann</b> Director	Restricted Stock	27,824	n/a	Jul 31/15	n/a	n/a	n/a
	Restricted Stock	28,784	n/a	Oct 30/15	n/a	n/a	n/a
<b>Kelly McNeill</b> Director	RSU's	31,359	n/a	Jul 31/15	n/a	n/a	n/a
	RSU's	41,868	n/a	Oct 30/15	n/a	n/a	n/a
<b>Eldon R. Smith</b> Director	Options	75,000	0.21	Dec 11/15	n/a	n/a	n/a
	RSU's	28,278	n/a	Jul 31/15	n/a	n/a	n/a
	RSU's	41,868	n/a	Oct 30/15	n/a	n/a	n/a
<b>Norman Wong</b> Director	N/A	-	-	-	-	-	-
<b>Kenneth Zuerblis</b> Director	Restricted Stock	25,196	n/a	Jul 31/15	n/a	n/a	n/a
	Restricted Stock	38,998	n/a	Oct 30/15	n/a	n/a	n/a

**Notes:**

(1) The Common Shares issuable upon exercise or vesting of the options and RSUs are not listed on any stock exchange.

**Stock Option Plans and Other Incentive Plans**

**Option Plan**

The purpose of the Corporation's Option Plan is to afford individuals who provide services to the Corporation or any of its subsidiaries or affiliates, including directors, officers, employees, or service providers, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares of the Corporation and to aid in attracting, as well as retaining and encouraging the continued involvement of, such individuals with the Corporation. The Option Plan was approved by shareholders on May 28, 2013.

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

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

The exercise price of the Common Shares subject to each option shall be determined by the Board at the time the option is granted. In no event shall such exercise price be lower than the closing price of the Common Shares on any stock exchange on which the Common Shares may be listed for the last business day preceding the applicable grant date, or if the Common Shares are not listed on a stock exchange, the fair market value of a Common Share on the date immediately preceding the grant date as determined by the Board.

Subject to earlier termination as described below, each option and all rights thereunder granted pursuant to the Option Plan shall expire on the date determined by the Board, provided that the duration of an option shall not exceed 10 years. The Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restrictions shall exist.

### ***Long Term Incentive Plan***

#### Purpose and Eligibility

The purpose of the LTIP is to assist the Corporation in attracting, retaining and motivating key employees, directors, officers and consultants of the Corporation and its subsidiaries and to more closely align the personal interests of such persons with Shareholders, thereby advancing the interests of the Corporation and its Shareholders and increasing the long-term value of the Corporation. The LTIP was approved by shareholders on May 28, 2013. The LTIP is available to: (i) current full-time or part-time employees or officers of the Corporation or an affiliate; (ii) directors who are not officers or employees of the Corporation or an affiliate; and (iii) an individual or consultant company providing services to the Corporation or an affiliate under written agreement (collectively, “Participants”). The LTIP is administered by the Board or, upon delegation by the Board, by a committee of the Board (the “Committee”). The Board has delegated the administration of the LTIP to the Corporation’s Compensation and HR Committee.

### Restricted Share Units

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

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

RSU Awards shall be settled in Common Shares, unless the Corporation offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its discretion, so elects. In this case, the cash value of the Common Shares would be determined based on the volume weighted average trading price of the Common Shares on any stock exchange on which the Common Shares may be listed for the five trading days immediately preceding the applicable vesting date, rounded up to the nearest cent, or if the Common Shares are not listed on a stock exchange, the fair market value of a Common Share on the date immediately preceding the vesting date as determined by the Board.

### Restricted Stock

The Committee may, from time to time, grant Participants resident in the United States, subject to the terms and conditions of the LTIP and any additional terms and conditions determined by the Committee, awards of Common Shares of the Corporation subject to certain restrictions imposed by the Committee ("Restricted Stock" and together with RSUs, an "Award"). All grants of Restricted Stock are evidenced by an award agreement. The award agreement contains such provisions as are required by the LTIP and any other provisions the Committee may direct.

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

### Shares Reserved for Issuance under the LTIP

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

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

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

### ***Management Contracts***

Pursuant to a Management Services Agreement dated June 3, 2013 between the Corporation and Resverlogix, the Corporation engaged Resverlogix Corp. ("**Resverlogix**") to perform all management and administrative services pertaining to the Corporation as required. The Corporation pays Resverlogix a management fee based on the cost of Resverlogix personnel and the proportionate time worked on behalf of the Corporation. The Corporation may terminate the Management Services Agreement at any time without penalty upon one month notice. For information regarding the management fees payable by the Corporation to Resverlogix in respect of services provided by NEOs, see "Executive Compensation - Director and Named Executive Officer Compensation Excluding Compensation Securities".

### ***Employment Agreements***

As at April 30, 2016, Resverlogix had in place executive employment agreements with Mr. McCaffrey and Mr. Cann, and the Corporation had in place an executive employment agreement with Mr. Lakhotia, that each include certain termination and change of control benefits, which are described below. The employment agreements are reviewed annually by the respective Compensation and HR Committees.

In the event that Mr. McCaffrey, and/or Mr. Cann were terminated by Resverlogix, for any reason other than for cause, disability, death, and voluntary termination, the Corporation would pay Resverlogix a management fee based on the proportionate time that each individual had worked on behalf of the Corporation.

#### Donald J. McCaffrey

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

#### A. Brad Cann

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

#### Sanjay Lakhotia

Mr. Lakhotia's employment agreement extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. In the event of (i) a change of control, or (ii) for termination other than for cause, disability, death, and voluntary termination, the Chief Business Officer is entitled to severance equal to five months of base salary plus one month of base salary for each completed year of service subsequent to July 30, 2014, up to a total maximum of 18 months base salary, plus all accrued but unpaid bonuses.

#### Estimated Incremental Payment Obligations at April 30, 2016

The estimated incremental payment obligations of the Corporation related to the termination entitlements set forth above for each of the NEO's, assuming that the triggering event took place on April 30, 2016, are as follows:

Named Executive Officer	(\$)
Donald J. McCaffrey <sup>(1)</sup>	232,377
A. Brad Cann <sup>(1)</sup>	205,974
Sanjay Lakhotia	261,481

**Notes:**

(1) The severance amounts are based on a 50% allocation to the Corporation and a 50% allocation to Resverlogix.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for issuance under equity compensation plans (excluding securities reflected in column a)
Equity compensation plans approved by securityholders <sup>(3)</sup>	6,511,572 <sup>(1)</sup>	\$0.17 <sup>(1)</sup>	3,402,506 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>Total</b>	<b>6,511,572</b>	<b>\$0.17</b>	<b>3,402,506</b>

**Notes:**

- (1) 3,976,768 stock options approved by securityholders and 2,534,804 restricted share units approved by securityholders. The weighted average exercise price of the 3,976,768 stock options was \$0.27. The restricted share units are subject to vesting criteria but do not require payment of an exercise price.
- (2) The aggregate number of Common Shares that may be reserved for issuance from treasury under the Option Plan and the LTIP shall not exceed 10% of the issued and outstanding shares of the Corporation. At April 30, 2016, the Corporation had 99,140,775 Common Shares issued and outstanding.
- (3) For a complete description of the material features of the Option Plan and LTIP, see "EXECUTIVE COMPENSATION – Stock Option Plans and Other Incentive Plans"

## AUDIT COMMITTEE INFORMATION

National Instrument 52-110 *Audit Committees* ("**NI 52-110**") requires the Corporation, as a venture issuer, to disclose annually certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors, as set forth in the following discussion.

### Audit and Finance Committee Charter

The Corporation's Audit and Finance Committee is governed by an Audit and Finance Committee Charter, the text of which is attached as Appendix A to this Circular.

### Composition of the Audit and Finance Committee

The Audit and Finance Committee is currently comprised of three individuals, all of whom are financially literate and each of whom is an independent director as determined in accordance with NI 52-110. The current members of the Audit and Finance Committee are Mr. Zuerblis (Chair), Dr. Smith and Mr. McNeill.

### Relevant Education and Experience

The following relevant education and experience of the members of the Audit and Finance Committee have been used in assessing their financial literacy:

### Kenneth Zuerblis

Mr. Zuerblis received a BS in Accounting and is a Certified Public Accountant with nearly 30 years of experience, has held senior financial positions with three publicly-traded companies and has held directorships with numerous organizations. Mr. Zuerblis served as Executive Vice President and Chief Financial Officer of Savient Pharmaceuticals, Inc. from 2011 to 2012. Prior to joining Savient, Mr. Zuerblis served as Chief Financial Officer and Senior Vice President at ImClone Systems from 2008 through 2009. From 1994 through 2005, Mr. Zuerblis served as Chief Financial Officer of Enzon Pharmaceuticals Inc., and held the position of Corporate Controller from 1991 through 1994. Mr. Zuerblis began his career at KPMG, LLP in 1982 where he held management positions of increasing responsibility over a 10 year period. Mr. Zuerblis currently serves on the board of directors and audit committees of Stemline Therapeutics, Inc. (since 2012) and Resverlogix Corp. (since 2010).

### Kelly McNeill

Mr. McNeill holds a Masters of Accountancy and a Bachelor of Commerce (Honours), and is a Chartered Accountant with over 20 years of experience. Mr. McNeill has served as Chief Financial Officer of RTDS Technologies Inc. since 2014. Mr. McNeill served as Executive Vice President, Finance and Administration, Chief Financial Officer and Secretary of IMRIS Inc. between 2009 and 2014. From 2006 to 2009, Mr. McNeill was Resverlogix's Chief Financial Officer. Prior thereto, Mr. McNeill held senior financial positions with two multinational companies. Mr. McNeill currently serves on the board of directors and audit committee of Resverlogix (since 2009).

### Dr. Eldon R. Smith

Dr. Smith is a physician and President and CEO of Eldon R. Smith and Associates Ltd. (a private healthcare consulting company), and was for many years involved in senior administration at the University of Calgary. From 1992 to 1997, Dr. Smith served as the Dean (Chief Executive Officer) of the Faculty of Medicine, where he was responsible for approximately 1,600 employees and an annual budget of more than \$100 million. Dr. Smith holds a Doctor of Medicine degree from Dalhousie University.

Dr. Smith has also served as the Chairman of a publicly listed company (TSX and NASDAQ) and over the past 15 years has served on the audit committees of seven (7) publicly traded companies in Canada and the United States. Dr. Smith currently is chairman and member of the audit committee of Aston Hill Financial Inc. (since 2005) (TSX), serves on the board of directors (since 2009) and is a member of the audit committee of Intellipharma International Inc. (TSX/NASDAQ), and serves on the board of directors and is a member of the audit committee of Resverlogix (since 2010).

### **Audit and Finance Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit and Finance Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed financial year, it has not relied on the exemption in section 2.4 (*De Minimus Non-audit Services*), an exemption in section 6.1.1 (Composition of the Audit Committee) or an exemption granted under Part 8 (*Exemptions*) of NI 52-110.

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

The Corporation will not engage external auditors to carry out any Prohibited Service as defined in the CICA revised Rules of Professional Conduct.

The Board, upon recommendation from the Audit and Finance Committee, will consider the pre-approval of permitted services to be performed by the external auditors in each of the following broad categories:

- Audit Services
- Audit Related Services
- Tax Services

Engagements of external auditors will only commence subsequent to Board pre-approval of audit services, and only a member of the Audit and Finance Committee, or the President and CEO or Chief Financial Officer shall be authorized to request services of external auditors.

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

The following table sets out the aggregate fees billed by our external auditor in each of the last two financial years for services provided to the Corporation:

<b>Financial Year Ending April 30</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2016	\$121,000	\$Nil	\$4,800	\$Nil
2015	\$123,000	\$Nil	\$Nil	\$Nil

#### **Notes:**

1. Fees paid for the audit of the annual financial statements and other regulatory audits and filings.
2. Fees paid for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not disclosed in the "Audit Fees" column.
3. Fees paid for tax compliance, tax advice, tax planning and advisory services.
4. Fees paid for professional services other than those listed in the previous three columns.

#### **Exemption**

The disclosure in this section is being provided in reliance upon the exemption in Section 6.1 of NI 52-110 because the Corporation is a venture issuer and, therefore, it is not required to file an annual information form.

### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

#### **General**

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

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

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

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

In March 2016, the Corporate Governance and Nominating Committee conducted its annual review of the Corporation's governance policies, charters and terms of reference. The Board is committed to continuing to monitor new developments relating to governance best practices to ensure the Corporation is achieving compliance and implementing processes accordingly.

In December 2015, the Board of the Corporation appointed Dr. Smith as Lead Director. Since Mr. McCaffrey is not an independent Chairman, Dr. Smith, as Lead Director, works to ensure that the board operates independently of management and that Board members have an independent leadership contact.

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

### **Board of Directors**

National Policy 58-201 – *Corporate Governance Guidelines* recommends that boards of directors of reporting issuers be composed of a majority of independent directors. The Board is currently comprised of five directors, all of whom are being proposed for re-election at the Meeting. Pursuant to the Terms of Reference, the Board is responsible for assessing director independence. The Board has assessed the independence of each director in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Following this assessment as at the Effective Date, the Board concluded that three of the five existing directors (and therefore a majority of the directors), being Mr. McNeill, Dr. Smith and Mr. Zuerblis are independent. Mr. McCaffrey is not considered independent by virtue of his current executive position with the Corporation and Dr. Wong is not considered independent by virtue of his prior executive position with the Corporation that ceased in July 2014.

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

Currently, the following directors serve on the boards of directors of other reporting issuers in Canada (or the equivalent in a foreign jurisdiction) as listed below. Four of the directors currently serve together on the board of Resverlogix Corp., a TSX company.

<b>Director</b>	<b>Public Company Board Membership</b>
Donald J. McCaffrey	Resverlogix Corp. - TSX
Kelly McNeill	Resverlogix Corp. - TSX

Director	Public Company Board Membership
Dr. Eldon R. Smith	Aston Hill Financial Inc. – TSX Intellipharma International Inc. – TSX/NASDAQ Resverlogix Corp. - TSX
Kenneth Zuerblis	Stemline Therapeutics, Inc. – NASDAQ Resverlogix Corp. – TSX

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

### **Orientation and Continuing Education**

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

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

### **Ethical Business Conduct**

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

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

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

### **Nomination of Directors**

The responsibility for identifying new candidates for Board nomination has been delegated to the Corporate Governance and Nominating Committee. As of the Effective Date, the Corporate Governance and Nominating Committee is comprised of Dr. Smith (as Chair), Mr. McNeill and Dr. Wong, a majority of whom are independent directors. For further information concerning the responsibilities, powers and

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

### **Compensation**

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

### **Other Board Committees**

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

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

### **Board Assessments**

In May 2016, the Corporate Governance and Nominating Committee coordinated, and the Board completed its annual formal evaluation process to assess the effectiveness of the Board as a whole, including a general review of the committees of the Board and the contribution of individual directors. The results of the evaluation and recommendations relating thereto were discussed and considered by the Board and action items were addressed accordingly.

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

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

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

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

In May 2015, the Corporation closed a private placement of 4,000,000 Common Shares at a price of US\$1.00 per share for gross proceeds of US\$4,000,000 to Eastern Capital Limited ("**Eastern**"). Eastern subscribed for 4,000,000 Common Shares. The Common Shares are subject to a four month hold period. Pursuant to the terms of the private placement, in the event that the Corporation completes an equity financing within 180 days and the price per share is lower than US\$1.00, the price per share paid by

Eastern will be adjusted to the lower price per share and it will, accordingly, receive additional Common Shares for no additional consideration. Furthermore, in the event that the Corporation completes an equity financing within 180 days and the Corporation issues or grants additional securities, contractual rights or entitlements to any of the subscribers, then the Corporation shall issue or grant the same additional securities, contractual rights or entitlements to Eastern.

In May 2016, the Corporation closed a private placement of 24,560,000 Common Shares at a price of US\$1.00 per share for gross proceeds of US\$24,560,000 to Eastern. Eastern subscribed for 24,560,000 Common Shares. The Common Shares are subject to a four month hold period. Pursuant to the terms of the private placement, in the event that the Corporation completes an equity financing within 180 days and the price per share is lower than US\$1.00, the price per share paid by Eastern will be adjusted to the lower price per share and it will, accordingly, receive additional Common Shares for no additional consideration. Furthermore, in the event that the Corporation completes an equity financing within 180 days and the Corporation issues or grants additional securities, contractual rights or entitlements to any of the subscribers, then the Corporation shall issue or grant the same additional securities, contractual rights or entitlements to Eastern.

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

No director, proposed director, officer, nor any of their respective associates is or has at any time during the financial year ended April 30, 2016 been indebted to the Corporation or any of its subsidiaries, nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

During the year ended April 30, 2016, management functions of the Corporation were substantially performed by Resverlogix, a reporting issuer with certain common directors and officers, in consideration for a fee for services rendered pursuant to the terms of a Management Services Agreement dated June 3, 2013 between Resverlogix and the Corporation. During the year ended April 30, 2016, the Corporation paid Resverlogix fees of \$679,965 for these services (2015 – \$504,156).

### **OTHER MATTERS**

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

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

### **ADDITIONAL INFORMATION**

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

Dated November 3, 2016

**APPENDIX A**

**ZENITH CAPITAL CORP.  
AUDIT AND FINANCE COMMITTEE CHARTER**

# ZENITH EPIGENETICS CORP. AUDIT & FINANCE COMMITTEE CHARTER

## Part I ESTABLISHMENT OF COMMITTEE

### 1. Committee Purpose

The Audit and Finance Committee (the "**Committee**") is established by the board of directors (the "**Board of Directors** ") of Zenith Epigenetics Corp. (the "**Corporation**") primarily for the purpose of overseeing the accounting and financial reporting processes of the Corporation and the reviews and audits of the financial statements of the Corporation.

The Committee shall assist the Board of Directors in fulfilling its oversight responsibilities by monitoring, among other things:

- (a) the quality and integrity of the financial statements and related disclosure of the Corporation;
- (b) compliance by the Corporation with legal and regulatory requirements that could have a material effect upon the financial position of the Corporation which are not subject to the oversight of another committee of the Board of Directors or the Board of Directors as a whole;
- (c) the independent auditor's qualifications and independence; and
- (d) performance of the Corporation's independent auditor.

### 2. Composition of Committee

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three directors, provided that all of the members of the Committee shall be determined by the Board to be independent within the meaning of National Instrument 52-110 (Audit Committees), Rule 10A-3(b)(1) under the United States Securities Exchange Act of 1934 and the rules of any stock exchange or market on which the Corporation's shares are listed or posted for trading, if any (collectively, "**Applicable Governance Rules**"). In this Charter, the term "independent" includes the meanings given to similar terms by Applicable Governance Rules, including the terms "non-executive", "outside" and "unrelated" to the extent such terms are applicable under Applicable Governance Rules. No member of the Audit Committee shall have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three (3) years.

All members of the Audit Committee must be able to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement) and read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. In addition: (i) at least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background that results in the individual's financial sophistication, including service as a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities or otherwise satisfy standards for financial expertise required for audit committees of companies listed on the Toronto Stock Exchange and/or NASDAQ Stock Market, and (ii) at least one member of the Audit Committee must be an "audit committee financial expert" as defined by the Applicable Governance Rules.

### **3. Appointment of Committee Members**

The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Corporate Governance and HR Committee. The members of the Committee shall be appointed at the time of each annual meeting of shareholders and shall hold office until the next annual meeting, until they are removed by the Board of Directors or until their successors are earlier appointed, or until they cease to be directors of the Corporation.

## **Part II COMMITTEE PROCEDURE**

### **4. Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board of Directors on the recommendation of the Corporate Governance and HR Committee and shall be filled by the Board of Directors if the membership of the Committee is fewer than three directors. The Board of Directors may remove and replace any member of the Committee.

### **5. Committee Chair**

The Board of Directors shall appoint a chair (the "**Chair**") for the Committee. The Chair may be removed and replaced by the Board of Directors.

### **6. Absence of Chair**

If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

### **7. Secretary of Committee**

The Committee shall appoint a Secretary who need not be a director of the Corporation.

### **8. Regular Meetings**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least quarterly. The Committee at any time may, and at each regularly scheduled Committee meeting shall, meet without management present and shall meet periodically with management and the independent auditor. The Committee shall also meet separately with the independent auditor at every regularly scheduled meeting of the Committee at which the independent auditor is present. The Committee shall record and maintain minutes of meetings.

### **9. Special Meetings**

The Chair, any two members of the Committee, the independent auditor or the Chief Executive Officer of the Corporation may call a special meeting of the Committee.

### **10. Quorum**

A majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

## **11. Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 48 hours prior to the time fixed for such meeting; provided, however, that a member may, in any manner, waive notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **12. Agenda**

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board of Directors and management of the Corporation. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

## **13. Delegation**

Subject to subsection Part III19(e), the Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

## **14. Access**

In discharging its oversight role, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

## **15. Attendance of Others at a Meeting**

At the invitation of the Chair, one or more officers, directors or employees of the Corporation may, and if required by the Committee shall, attend a meeting of the Committee.

## **16. Procedure, Records and Reporting**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board of Directors when the Committee may deem appropriate (but not later than the next meeting of the Board of Directors).

## **17. Outside Consultants or Advisors**

The Committee, when it considers it necessary or advisable, may retain, at the Corporation's expense, outside consultants or advisors (including independent counsel) to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain or terminate such consultants or advisors, including the sole authority to approve the fees and other retention terms for such persons.

### **Part III MANDATE OF COMMITTEE**

## **18. Appointment of the Corporation's Independent Auditor**

Subject to confirmation by the independent auditor of its compliance with Canadian regulatory registration requirements, the Committee shall recommend to the Board of Directors the appointment of the independent auditor for the purpose of preparing or issuing any audit report or performing other audit,

review or attest services for the Corporation, such appointment to be confirmed by the Corporation's shareholders at each annual meeting. The Committee shall also recommend to the Board of Directors the engagement letter with the independent auditor, the approval of fees to be paid to the independent auditor for audit services and shall pre-approve the retention of the independent auditor for any permitted non-audit service. The Committee shall also be directly responsible for overseeing the work of the independent auditor (including resolution of disagreements between management of the Corporation and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The Committee shall communicate directly with the independent auditor. The independent auditor shall report directly to the Committee.

The Committee shall review the independence of the independent auditor including a written report from the independent auditor delineating all relationships between the auditor and the Corporation, considering whether the advisory services performed by the independent auditor during the course of the year have affected its independence, and ensuring that no relationship or service between the independent auditor and the Corporation is in existence that may affect the objectivity and independence of the auditor, or recommending appropriate action to ensure the independence of the independent auditor.

## **19. Specific Mandates**

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

### **(a) Oversight in Respect of Financial Disclosure**

- (i) review, discuss with management of the Corporation and the independent auditor, and recommend to the Board of Directors for approval:
  - A. the annual and interim financial statements;
  - B. the annual information form, if any;
  - C. the annual and interim management's discussion and analysis;
  - D. the portions of the management proxy circular, for any annual or special meeting of shareholders, containing significant financial information respecting the Corporation;
  - E. all financial statements included in prospectuses or other offering documents;
  - F. any significant financial information contained in all prospectuses and all documents which may be incorporated by reference in a prospectus;
  - G. any significant financial information respecting the Corporation contained in a material change report or a business acquisition report;
- (ii) review and discuss with management of the Corporation:
  - A. each press release which contains significant financial information respecting the Corporation (including, without limitation, annual and interim earnings press releases) or contains earnings guidance, prior to public dissemination thereof;

- B. the use of "pro forma" or "adjusted" non-IFRS information;
  - C. financial information and earnings guidance provided to analysts and rating agencies; provided, however, that such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made), and the Committee need not discuss in advance each instance in which the Corporation may provide earnings guidance or presentations to rating agencies;
- (iii) review with management and the independent auditor the scope of the audit, in particular the independent auditor's view of the Corporation's accounting principles as applied in the financial statements 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 independent auditor;
  - (iv) review with management of the Corporation and the independent auditor major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls and procedures for financial reporting and management information systems and inquire of management and the independent auditor about significant risks and exposures to the Corporation that could significantly affect the Corporation's financial statements;
  - (v) review with management of the Corporation and the independent auditor, and satisfy itself as to the adequacy of the procedures that are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of those procedures;
  - (vi) review with management of the Corporation and the independent auditor (including those of the following that are contained in any report of the independent auditor): (a) all critical accounting policies and practices to be used by the Corporation in preparing its financial statements; (b) all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of these alternative treatments, and the independent auditor's assessment of the alternatives; and (c) other material communications between the independent auditor and management of the Corporation, such as any management letter or schedule of unadjusted differences;
  - (vii) review with management of the Corporation and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet transactions on the Corporation's financial statements;
  - (viii) review the plans of management of the Corporation and the independent auditor regarding any significant changes in accounting practices or policies and the financial and accounting impact thereof;
  - (ix) review with management of the Corporation, the independent auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the

Corporation, and the manner in which these matters have been disclosed in the financial statements;

- (x) review disclosures by the Corporation's Chief Executive Officer and Chief Financial Officer with respect to any required certification for the Corporation's financial statements by such individuals; and
- (xi) discuss with management the Corporation's material financial risk exposures and the steps management of the Corporation has taken to monitor and control such exposures, including the Corporation's financial risk assessment and financial risk management policies.

(b) **Oversight in Respect of Legal and Regulatory Matters**

- (i) review, if necessary, with legal counsel, the Corporation's compliance policies, legal matters and any material reports or inquiries received from regulators or governmental agencies that could have a material effect upon the financial position of the Corporation and which are not subject to the oversight of another committee of the Board of Directors or the Board of Directors as a whole.

(c) **Oversight in Respect of the Chief Financial Officer**

- (i) consult with management on management's appointment, replacement, reassignment or dismissal of the Chief Financial Officer of the Corporation; and
- (ii) ensure the Chief Financial Officer of the Corporation has access to the Chair, the Chairman of the Board of Directors and the Chief Executive Officer of the Corporation, and shall meet separately with the Chief Financial Officer of the Corporation to review any problems or difficulties he or she may have encountered in the performance of his or her responsibilities and report to the Board of Directors on such meetings.

(d) **Oversight in Respect of the Independent Auditor**

- (i) meet with the independent auditor prior to the annual audit to review the planning and staffing of the audit;
- (ii) review annually the independent auditor's formal written statement of independence delineating all relationships between itself and the Corporation and review all such relationships;
- (iii) receive confirmation from the independent auditor as to its standing as a "participating audit firm" and its compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board as those concepts are set forth in National Instrument 52-108 of the Canadian Securities Administrators;
- (iv) review and evaluate the independent auditor, including the lead partner of the independent auditor team and shall confirm compliance by the independent auditors with laws and regulations relating to audit partner rotation;
- (v) meet separately with the independent auditor to review with them any problems or difficulties they may have encountered and specifically:

- A. any difficulties which were encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management of the Corporation; and
  - B. any changes required in the planned scope of the audit;
- and report to the Board of Directors on such meetings;
- (vi) review the engagement reports of the independent auditor on unaudited financial statements of the Corporation; and
  - (vii) review and approve the Corporation's hiring policies regarding partners, employees, former partners and former employees of the Corporation's present and former independent auditor.
- (e) **Oversight in Respect of Audit and Non-Audit Services**
- (i) have the sole authority to pre-approve all audit services (which may entail providing comfort letters in connection with securities underwritings) and all permitted non-audit services, other than non-audit services where:
    - A. the aggregate amount of all such non-audit services provided to the Corporation or its subsidiaries constitutes not more than 5% of the total amount of fees paid by the Corporation (and its subsidiaries) to the independent auditor during the fiscal year in which the non-audit services are provided;
    - B. such services were not recognized by the Corporation (or any subsidiary) at the time of the engagement to be non-audit services; and
    - C. such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee; and
  - (ii) delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this section; provided that the decision of any member to whom authority is delegated to pre-approve an activity shall be presented to the Committee at the first scheduled meeting following such decision, and provided further that, if the Committee approves an audit service within the scope of the engagement of the independent auditor, such audit service shall be deemed to have been pre-approved for purposes of this section
- (f) **Oversight in Respect of Certain Policies**
- (i) establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
  - (ii) periodically review the Corporation's public disclosure policy.

**20. Evaluation of Code of Business Conduct and Ethics**

The Committee shall conduct an annual assessment of management's adherence to the Corporation's Code of Business Conduct and Ethics.

**21. Non-Exhaustive List**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight responsibilities.

**22. Review of Committee's Charter**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board of Directors.

**23. Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate or are in accordance with IFRS. These are the responsibilities of management of the Corporation and the independent auditor. The Committee and its Chair are members of the Board of Directors, appointed to the Committee to provide broad oversight of the financial risk and control related activities of the Corporation, and are specifically not accountable nor responsible for the day to day operation or performance of such activities. The role of all Committee members is to oversee the process, not to certify or guarantee the accuracy or completeness of the external audit of the Corporation's financial information or public disclosure.

**APPENDIX B**

**AMENDMENTS TO RESVERLOGIX CORP.  
ROYALTY PREFERRED SHARES HELD BY THE CORPORATION**

**AMENDED SHARE CAPITAL TERMS  
OF  
RESVERLOGIX CORP.**

**THE CLASSES, AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE:**

The Corporation is authorized to issue:

- a. an unlimited number of Common Shares;
- b. an unlimited number of Preferred Shares;
- c. a maximum of 75,202,620 Royalty Preferred Shares;

all without nominal or par value and subject to the rights, privileges, restrictions and conditions as follows:

1. The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:
  - (a) The holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation except meetings of the holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote in respect of each Common Share held.
  - (b) Subject to the preferences accorded to the holders of any class of preferred shares, the holders of Common Shares shall be entitled to receive such dividends as may be declared thereon by the board of directors of the Corporation from time to time.
  - (c) In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares shall be entitled to receive pro rata all of the assets remaining for distribution after the payment to the holders of any class of preferred shares, in accordance with the preference on liquidation, dissolution or winding-up accorded to the holders of any class of preferred shares.
2. The rights, privileges, restrictions and conditions attaching to the Preferred Shares are as follows:
  - (a) The board of directors may at any time and from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the board of directors.
  - (b) The board of directors of the Corporation may (subject to as hereinafter provided) from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a distribution of capital of the Corporation; the extent, if any, of further participation in a distribution of capital; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any.

- (c) In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of each series of Preferred Shares shall be entitled, in priority to the holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares on a distribution of capital, to be paid rateably with the holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a distribution of capital of the Corporation.
- (d) The holders of each series of Preferred Shares shall be entitled, in priority to the holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares with respect to the payment of cumulative dividends, to be paid rateably with the holders of each other series of Preferred Shares, the amount of cumulative dividends, if any, specified as being payable preferentially to the holders of such series.
3. The rights, privileges, restrictions and conditions attaching to the Royalty Preferred Shares are as follows:
- (a) Definitions:
- (i) “**ABCA**” means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (ii) “**Actual APO Amounts Received**” means the amount computed on each Royalty Dividend Payment Date using the following formula:
- $$A \div B$$
- where
- A is the aggregate of all amounts received by the Corporation or its Affiliates in respect of and including Net ~~APQ~~ Revenue for the applicable Royalty Dividend Payment Period
- and
- B is 75,202,620, being the number of Royalty Preferred Shares issued on June 3, 2013;
- (iii) “**Additional Royalty Dividend Payment**” has the meaning attributable to such term in subsection 3(c)(iii);
- (iv) “**Affiliate**” means any Person, or group of Persons entitled to carry on business in any country, which now or hereafter directly or indirectly controls, is controlled by, or is under common control with, the entity; “control” in an affiliate requires ownership of fifty percent (50%) or more of: (A) voting stock of a Person which has issued voting stock; or (B) ownership interest in any other enterprise;
- (v) “~~ApoA 1~~” means ~~Apolipoprotein A 1~~;
- (vi) “~~ApoA 1 Therapeutic Field~~” means ~~the prevention, treatment or mitigation of any disease via the administration of a Pharmaceutical Agent that results in~~

~~therapeutic relevant elevation in the plasma levels of ApoA 1 that in a predictable model of ApoA 1 expression, using either a human or nonhuman primate model, the Pharmaceutical Agent is demonstrated to have at least a seven percent (7%) increase in humans and fifty percent (50%) increase in nonhuman primates in the ApoA 1 plasma level in two consecutive weeks of treatment using less than 30 milligrams b.i.d. (60 milligrams per day) of the Pharmaceutical Agent per kilogram of the weight of the subject;~~

~~(vii) “Apo **Products**” means any product, device, process, substance, composition or service that falls within the ApoA 1 Therapeutic Field and in respect of which the Corporation has an Apo Intellectual Property Right;~~  
~~(viii) “Apo **Intellectual Property Right**” means any right, whether under a patent, patent application or invention disclosure, license agreement or otherwise, to use, or to prevent others from using, any product, device, process, substance, composition~~  
Pharmaceutical Agent, diagnostic tool or service that falls within an ApoA 1the Therapeutic Field;

~~(ix)(vi) “**Licensee**” means any Person that has any right granted by the Corporation or its Affiliates to research, develop, make, manufacture, modify, administer, offer to sell, sell or distribute one or more of the Products, including without limitation, a sublicensee of such Person;~~

~~(vii) “**Liquidation Event**” has the meaning attributable to such term in subsection 3(d);~~

~~(x) “**Licensee**” means any Person that has any right to research, develop, make, manufacture, modify, administer, offer to sell, sell or distribute one or more of the Apo Products, including without limitation, a sublicensee of such Person;~~  
~~(xi)(viii) “**Net Apo Revenue**” means the aggregate of the following amounts:~~

(A) amounts received by the Corporation or its Affiliates from any Person who is not the Corporation or its Affiliate (a “**third party**”) in consideration for granting a license or other rights to the third party which entitle the third party to research, develop, make, manufacture, modify, administer, offer to sell, sell or distribute one or more of the Apo Products and/or Apo Intellectual Property Rights or amounts received under the terms of such license or other right that are granted to the third party;

(B) the gross consideration received from a third party by the Corporation, any Licensee or their respective Affiliates from the sale of any Apo Product (other than consideration received by the Corporation, any Licensee or their respective Affiliates from a Licensee of such Apo Product or its Affiliate); less (1) credits or allowances, if any, actually granted; (2) discounts actually allowed; (3) freight, postage, and insurance charges and additional special packaging charges; (4) customs duties, and excise sales taxes, duties or other taxes imposed upon and paid with respect to such sales (excluding what is commonly known as income taxes); (5) rebates and chargebacks or retroactive price reductions made to federal, state or local governments (or their agencies),

or any third party payor, administrator or contractor, including managed health organizations; and (6) commissions related to import, distribution or promotion of any ~~App~~ Product paid to third parties (specifically excluding any commissions paid to sales personnel, sales representatives and sales agents who are employees or consultants of, or members of a contract sales force engaged by or on behalf of, the Corporation, any Licensee or their respective Affiliates); and

(C) amounts received from a third party by the Corporation or its Affiliates in consideration for the sale of any ~~App~~ Intellectual Property Right;

~~(xiii)~~ **“Person”** means any individual, corporation, firm, partnership (including, without limitation, a limited partnership), sole proprietorship, syndicate, joint venture, trustee, trust, any unincorporated organization or association, any government or instrumentality thereof and any tribunal;

~~(xiii)~~ **“Pharmaceutical Agent”** means a compound or composition ~~covered by an App, or a salt, hydrate, formulation, metabolite or prodrug of a compound or composition, used in the Therapeutic Field;~~

~~(xi)~~ **“Products”** means any product, device, process, substance, Pharmaceutical Agent, diagnostic tool or service that falls within the Therapeutic Field and in respect of which the Corporation has an Intellectual Property Right;

~~(xiv)~~ **“Royalty Amount”** means the amount computed on each Royalty Dividend Payment Date using the following formula:

$$(A \times B) \div C$$

where

A is the amount of the Net ~~App~~ Revenue for the applicable Royalty Dividend Payment Period

and

B is:

(A) 6% of the aggregate Net ~~App~~ Revenue for the applicable Royalty Dividend Payment Period that is less than or equal to US\$1 billion;

(B) 8% of the aggregate Net ~~App~~ Revenue for the applicable Royalty Dividend Payment Period that is greater than US\$1 billion but less than or equal to US\$2 billion;

(C) 10% of the aggregate Net ~~App~~ Revenue for the applicable Royalty Dividend Payment Period that is greater than US\$2 billion but less than or equal to US\$5 billion; and

(D) 12% of the aggregate Net ~~App~~ Revenue for the applicable Royalty Dividend Payment Period that is greater than US\$5 billion

and

C is 75,202,620, being the number of Royalty Preferred Shares issued on June 3, 2013;

~~(xviii)~~ **“Royalty Dividend Payment”** means Semi-Annual Royalty Dividend Payment or the Yearly Royalty Dividend Payment, as applicable;

~~(xix)~~ **“Royalty Dividend Payment Date”** means the Semi-Annual Royalty Dividend Payment Date or the Yearly Royalty Dividend Payment Date, as applicable;

~~(xx)~~ **“Royalty Dividend Payment Period”** means the Semi-Annual Royalty Dividend Payment Period or the Yearly Royalty Dividend Payment Period, as applicable;

~~(xxi)~~ **“Semi-Annual Royalty Dividend Payment”** has the meaning ascribed to such term in subsection 3(c)(i)(A);

~~(xxii)~~ **“Semi-Annual Royalty Dividend Payment Date”** means the date that is three (3) months after the last day of the Semi-Annual Royalty Dividend Payment Period immediately preceding such date;

~~(xxiii)~~ **“Semi-Annual Royalty Dividend Payment Period”** means the period from May 1 to October 31 of each fiscal year;

~~(xxiv)~~ **“Tax Factor”** means

$A \div B$

where

A is one; and

B is the aggregate of: (A) one; and (B) one multiplied by the rate of tax under Part VI.1 of the *Income Tax Act* (Canada) applicable to a dividend on the Royalty Preferred Shares;

~~(xxv)~~ **“Therapeutic Field”** means the prevention, treatment or mitigation of any disease or medical condition;

~~(xxvi)~~ **“Yearly Royalty Dividend Payment”** has the meaning ascribed to such term in subsection 3(c)(i)(B);

~~(xxvii)~~ **“Yearly Royalty Dividend Payment Date”** means the date that is four (4) months after the last day of the Yearly Royalty Dividend Payment Period immediately preceding such date; and

~~(xxviii)~~ **“Yearly Royalty Dividend Payment Period”** means the period from May 1 to April 30 of each fiscal year.

- (b) Subject to the ABCA, the registered holders of each Royalty Preferred Share shall not be entitled to receive notice of or attend meetings of the shareholders of the Corporation and shall not be entitled to vote at any such meetings other than in respect of separate meetings of the holders of the Royalty Preferred Shares.
- (c) Holders of Royalty Preferred Shares shall be entitled to receive and the Corporation shall pay in cash thereon cumulative preferential dividends as follows:
- (i) For each Royalty Preferred Share held:
- (A) on each Semi-Annual Royalty Dividend Payment Date, an amount equal to the Tax Factor multiplied by the lesser of the following amounts determined for the Semi-Annual Royalty Dividend Payment Period immediately preceding such date:
- (1) the Royalty Amount; and
- (2) the Actual-~~APQ~~ Amounts Received,  
(the “**Semi-Annual Royalty Dividend Payment**”); and
- (B) on each Yearly Royalty Dividend Payment Date, an amount by which:
- (1) the Tax Factor multiplied by the lesser of the following amounts determined for the Yearly Royalty Dividend Payment Period immediately preceding such date:
- (a) the Royalty Amount; and
- (b) the Actual-~~APQ~~ Amounts Received;  
exceeds
- (2) the Semi-Annual Royalty Dividend Payment for the Semi-Annual Royalty Dividend Payment Date immediately preceding such date,  
(the “**Yearly Royalty Dividend Payment**”).
- (ii) Payment of each Royalty Dividend Payment shall be accompanied by a report summarizing the amount of the Net-~~APQ~~ Revenue and the Actual-~~APQ~~ Amounts Received for the applicable Royalty Dividend Payment Period with the supporting calculation.
- (iii) In the event that the Corporation does not declare and pay the Royalty Dividend Payment on the applicable Royalty Dividend Payment Date, holders of Royalty Preferred Shares shall be entitled to receive and the Corporation shall pay in cash thereon, additional cumulative preferential dividends in an amount equal to twenty percent (20%) per annum of the Royalty Dividend Payment payable on such Royalty Dividend Payment Date, multiplied by the Tax Factor, calculated daily and compounded monthly (the “**Additional Royalty Dividend Payment**”).

(iv) No dividend or distribution with respect to common shares or any class of shares of the Corporation, other than the Preferred Shares, may be paid unless all accrued Royalty Dividend Payment and Additional Royalty Dividend Payments on the Royalty Preferred Shares then issued and outstanding shall have been declared and paid in full in cash.

(v) In the event that the Corporation:

(A) does not have sufficient funds on the applicable Royalty Dividend Payment Date to pay the Royalty Dividend Payment in cash; or

(B) is prohibited under the ABCA from paying the Royalty Dividend Payment in cash,

the amount of the Royalty Dividend Payment and applicable Additional Royalty Dividend Payment shall be added to and form part of the amounts payable under subsection 3(d); provided, however, that the Corporation shall have provided to each holder of the Royalty Preferred Shares a certificate of two qualified directors or senior officers of the Corporation certifying that the Corporation does not have sufficient funds or is prohibited under the ABCA from paying the Royalty Dividend Payment in cash on the applicable Royalty Dividend Payment Date.

(vi) The holders of the Royalty Preferred Shares shall not be entitled to any dividends on the Royalty Preferred Shares other than the Royalty Dividend Payments and Additional Royalty Dividend Payments hereinbefore provided for.

(vii) The Corporation is required to, and will, make an election in respect of the Royalty Preferred Shares under subsection 191.2(1) of the *Income Tax Act* (Canada) by filing the prescribed form with the Minister of National Revenue within the required time period.

(d) In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs (a “**Liquidation Event**”), the holders of the Royalty Preferred Shares shall be entitled to receive in respect of each such share, before any distribution of any part of the assets of the Corporation among the holders of Common Shares or other shares of the Corporation ranking junior to the Royalty Preferred Shares, an amount equal to the greater of: (i) \$1.00 divided by the number of outstanding Royalty Preferred Shares; and (ii) the amount of any accrued, but unpaid Royalty Dividend Payment and Additional Royalty Dividend Payment. For purposes of computing the accrued but unpaid Royalty Dividend Payment due to the holder of the Royalty Preferred Shares pursuant to this subsection 3(d), the date of such Liquidation Event shall be deemed to be a Royalty Dividend Payment Date and the Royalty Amount, the Actual-~~APQ~~ Amounts Received and the Royalty Dividend Payment shall be computed on such date, taking into account, for greater certainty, all amounts received by the Corporation, its Affiliates or any Licensee on the Liquidation Event attributable to ~~App~~ Products, in computing the Net-~~App~~ Revenue to such date. After payment to the holders of the Royalty Preferred Shares of the amount so payable to such holders as herein provided, the holders of the Royalty Preferred Shares shall not be entitled to share in any further distribution of the property or assets of the Corporation.

- (e) The holders of Royalty Preferred Shares shall be entitled to vote separately as a class, and shall be entitled to dissent, upon a proposal to amend the constating documents of the Corporation to:
- (i) (A) increase or decrease any maximum number of Royalty Preferred Shares in the capital of the Corporation; or (B) issue any Royalty Preferred Shares;
  - (ii) (A) increase any maximum number of authorized shares of a class;  
(B) issue any shares of any class; or  
(C) create a new class of shares,  
  
having rights or privileges equal or superior to the Royalty Preferred Shares with respect to rights to dividends or distributions or rights in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the Corporation among its shareholders for the purpose of winding up its affairs; or
  - (iii) effect an exchange, reclassification or cancellation of all or part of the Royalty Preferred Shares.