

MICROBIX BIOSYSTEMS INC.



**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS
TO BE HELD ON MARCH 30, 2021**

AND

MANAGEMENT INFORMATION CIRCULAR

February 12, 2021

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MICROBIX BIOSYSTEMS INC.

265 Watline Avenue, Mississauga, Ontario L4Z 1P3

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 30, 2021

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of shareholders of **MICROBIX BIOSYSTEMS INC.** (the “**Company**”) will be held on March 30, 2021, at the hour of 1:00 p.m. (Toronto time) in a virtual-only format conducted through Zoom conferencing. This year, to proactively deal with the unprecedented public health impact of COVID-19, the measures enacted in response by the federal, provincial and municipal governments, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company will hold the Meeting via listen-only conference call format. Shareholders will not be able to physically attend the Meeting. Shareholders may participate in the Meeting by listen-only Zoom conference format. The Meeting will be held for the following purposes:

- (a) receiving the 2020 Annual Report containing the financial statements for the year ended September 30, 2020, and the report of the auditors thereon;
- (b) electing directors;
- (c) re-appointing Ernst & Young LLP as the auditors of the Company and authorizing the directors to fix their remuneration;
- (d) to consider, and if deemed advisable, approve with or without amendment, an ordinary resolution re-approving the Company’s Stock Option Plan;
- (e) to consider, and if deemed advisable, approve with or without amendment an ordinary resolution approving the amendment of the term by one year of certain Warrants issued to Insiders of the Company; and
- (f) transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The Company has adopted the notice-and-access method of delivering materials to both registered and non-registered Shareholders. As such, the Company has posted copies of the Management Information Circular and the Company’s 2020 Annual Report (which includes its audited consolidated financial statements for the fiscal year ended September 30, 2020 and related management’s discussion and analysis) on the Company’s website at www.microbix.com, in addition to on the Company’s page on SEDAR at www.sedar.com and on www.meetingdocuments.com/astca/MBX. Paper copies of the Management Information Circular and the Company’s 2020 Annual Report may still be obtained upon request, or if you have any questions about the notice-and-access method, please contact AST Trust Company (Canada) at 1-888-433-6443 (toll-free Canada and U.S.) or 416-682-3801 outside of Canada and the U.S., or by e-mail at fulfilment@astfinancial.com.

The Company will advise by press release if there are any important updates related to the Meeting as a result of COVID-19. The Company may take additional precautionary measures in response to further developments regarding COVID-19 which may potentially include changing the details of the Meeting, or adjourning or postponing the Meeting.

Shareholders of record on February 12, 2021 will be entitled to notice of, and to attend and vote at the Meeting. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit a duly executed form of proxy with the Company's registrar and transfer agent, AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or using the envelope provided with the proxy, or by fax 1-866-781-3111 (toll free Canada and U.S) or 416-368-2502, or by e-mail to proxyvote@astfinancial.com, or by Internet at www.astvotemyproxy.com, or by Telephone at 1-888-489-5760, not later than 5:00 p.m. (Toronto time) on the 26th, day of March, 2021, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays, and holidays, preceding the time of such adjourned Meeting.

In order to access the Meeting, shareholders will have two options: listen only teleconference or Zoom conferencing application:

Registration link: https://us02web.zoom.us/webinar/register/WN_H982AmbSQ_-bCm1u5_p2nw

Dial in instructions:

Or iPhone one-tap :

Canada: +12042727920, 81454687590# or +14388097799, 81454687590#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

Canada: +1 204 272 7920 or +1 438 809 7799 or +1 587 328 1099 or +1 647 374 4685 or +1 647 558 0588 or +1 778 907 2071

US: +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128

Webinar ID: 814 5468 7590

International numbers available: <https://us02web.zoom.us/j/kewCKQ88mW>

In order to access the Meeting via Zoom conferencing, shareholders will need to download the Zoom application onto their computer or smartphone.

DATED this 12th day of February, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

By: (signed) "Cameron Groome"

Cameron Groome,
President and Chief Executive
Officer

MICROBIX BIOSYSTEMS INC.

265 Watline Avenue
Mississauga, ON
L4Z 1P3

**MANAGEMENT INFORMATION CIRCULAR
RELATING TO THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 30, 2021**

VOTING INFORMATION

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY AND ON BEHALF OF THE MANAGEMENT OF MICROBIX BIOSYSTEMS INC. (the “**Company**”) of proxies to be used at the Annual and Special Meeting of Shareholders (“**Shareholders**”) of the Company (the “**Meeting**”) to be held in a listen-only conference call format on Tuesday, the 30th day of March, 2021, at the hour of 1:00 p.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed Notice of Meeting. Proxies will be solicited primarily by mail and may also be solicited personally or by telephone by the directors and/or officers of the Company at nominal cost. The cost of the solicitation will be borne by the Company.

To mitigate risks related to the evolving global COVID-19 public health emergency, the Company is providing access to the Meeting virtually via Zoom conferencing. Shareholders will have an equal opportunity to attend the Meeting online regardless of geographic location. **IN LIGHT OF COVID-19, WE STRONGLY ENCOURAGE SHAREHOLDERS TO VOTE IN ADVANCE OF THE MEETING WITH THE INSTRUCTIONS PROVIDED IN THIS CIRCULAR, RATHER THAN APPEARING IN PERSON OR APPOINTING AN ALTERNATE PROXYHOLDER TO ATTEND THE MEETING IN PERSON.**

Shareholders who access the Meeting via Zoom conferencing will be able to listen to the Meeting and ask questions in an informal question and answer period regardless of their geographic location or particular circumstances they may be facing as a result of COVID-19. However, registered shareholders and duly appointed proxyholders will not be able to vote via Zoom conferencing during the Meeting.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of common shares (“**Shares**”) of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Circular, the Notice of Meeting and form of proxy to the beneficial owners of such shares. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

REGISTERED SHAREHOLDERS VOTING BY PROXY

Enclosed with this Circular is a form of proxy. The persons named in the enclosed form of proxy are officers and/or directors of the Company. Every Shareholder of the Company has the right to appoint a person (who need not be a shareholder of the Company) other than the persons already named in the enclosed form of proxy to represent such shareholder of the Company at the Meeting by striking out the printed names of such persons and inserting the name of such other person. In order to be valid, a proxy

must be received by AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or using the envelope provided with the proxy, or by fax 1-866-781-3111 (toll free Canada and U.S) or 416-368-2502, or by e-mail to proxyvote@astfinancial.com, or by Internet at www.astvotemyproxy.com, or by Telephone at 1-888-489-5760 5:00 p.m. on March 26, 2021, or in the event of an adjournment or postponement of the Meeting, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in Ontario) before the time for holding the adjourned or postponed Meeting.

Shareholders may also elect to vote electronically in respect of any matter to be acted upon at the Meeting. Votes cast electronically are in all respects equivalent to and will be treated in the exact same manner as, votes cast via a paper form of proxy. To vote electronically, registered shareholders are asked to go to the website shown on the form of proxy and follow the instructions on the screen. Please note that each shareholder exercising the electronic voting option will need to refer to the control number indicated on their proxy form to identify themselves in the electronic voting system. Shareholders should also refer to the instructions on the proxy form for information regarding the deadline for voting shares electronically. If a Shareholder votes electronically he or she is asked not to return the paper form of proxy by mail.

In order to be effective, a form of proxy must be executed by a shareholder exactly as his or her name appears on the register of shareholders of the Company. Additional execution instructions are set out in the notes to the form of proxy. The proxy must also be dated where indicated. If the date is not completed, the proxy will be deemed to be dated on the day on which it was mailed to shareholders.

The management representatives designated in the enclosed form of proxy will vote the Shares in respect of which they are appointed proxy in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. In the absence of such direction, such Shares will be voted by the management representatives named in such form of proxy in favour of each of the matters referred to in the Notice and will be voted by such representatives on all other matters which may come before the Meeting in their discretion.

THE ENCLOSED FORM OF PROXY OR VOTER INSTRUCTION FORM, WHEN PROPERLY SIGNED, CONFERS DISCRETIONARY VOTING AUTHORITY ON THOSE PERSONS DESIGNATED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.

At the time of printing of this Circular, management of the Company know of no such amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice and this Circular. However, if any matters which are not now known to management of the Company should properly come before the Meeting, the Shares represented by proxies in favour of the Management Nominees will be voted on such matters in accordance with the best judgement of the Management Nominee.

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only Registered shareholders of the Company, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, Shares beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of the Shares (Intermediaries include, among others, banks, trust

companies, investment dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or

(b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Notice, this Circular and its form of proxy (collectively, the “**Meeting Materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(a) be given a voting instruction form which must be completed and returned by the Non-Registered Shareholder in accordance with the directions printed on the form (in some cases, the completion of the voting instruction form by telephone, facsimile or over the Internet is permitted) or

(b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non Registered Shareholder, but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by fax 1-866-781-311 (toll free Canada and US) or 416-368-2502, or by email to proxyvote@astfinancial.com.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. If you are a Non-Registered Shareholder, and we or our agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. **In either case, Non Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the VIF or the proxy is to be delivered.**

REVOCATION OF PROXIES

A registered shareholder of the Company who has submitted a proxy may revoke it by:

(a) depositing an instrument in writing signed by the registered shareholder or by an attorney authorized in writing or, if the registered shareholder is a Company, by a duly authorized officer or attorney, either:

(i) at the office of AST Trust Company (Canada), Proxy Department, P.O. Box 721,

Agincourt, Ontario M1S 0A1 by 5:00 p.m. on March 26, 2021 or in the event of an adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturday, Sunday and holidays in Ontario) before the time for holding the adjournment or postponement Meeting; or

- (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting;

(b) transmitting, by telephonic or electronic means, a revocation that complies with (i) or (ii) above and that is signed by electronic signature provided that the means of electronic signature permit a reliable determination that the document was created or communicated by or on behalf of the registered shareholder or the attorney, as the case may be; or

(c) in any other manner permitted by law. A Non-Registered Shareholder who has submitted voting instructions to an Intermediary should contact their Intermediary for information with respect to revoking their voting instructions.

NOTICE-AND-ACCESS

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

WEBSITE WHERE MEETING MATERIALS ARE POSTED

The Notice-and-Access Provisions are a set of rules that allows reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of this Circular may be found on the Company’s SEDAR profile at www.sedar.com, and at www.meetingdocuments.com/astca/MBX. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

OBTAINING PAPER COPIES OF MATERIALS

The Company anticipates that using notice-and-access for delivery to all Shareholders will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about notice-and-access can call the Company’s transfer agent AST Trust Company (Canada) at 1-888-433-6443 or 416-682-3801 outside Canada or US or by email at fulfillment@astfinancial.com. Shareholders may also obtain paper copies of the Circular free of charge by contacting AST Trust Company (Canada) at the same toll-free number or upon request to the Company’s Corporate Secretary. A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or AST Trust Company (Canada), as applicable, by March 15, 2021 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48

hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof (the “Proxy Deadline”).

SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR BEFORE VOTING.

ATTENDING THE MEETING VIA ZOOM

In order to access the Meeting, shareholders will have two options: listen only teleconference or Zoom conferencing application:

Registration link: https://us02web.zoom.us/webinar/register/WN_H982AmbSQ_-bCm1u5_p2nw

Dial in instructions:

Or iPhone one-tap :

Canada: +12042727920, 81454687590# or +14388097799, 81454687590#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

Canada: +1 204 272 7920 or +1 438 809 7799 or +1 587 328 1099 or +1 647 374 4685 or +1 647 558 0588 or +1 778 907 2071

US: +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128

Webinar ID: 814 5468 7590

International numbers available: <https://us02web.zoom.us/j/kewCKQ88mW>

In order to access the Meeting via Zoom conferencing, shareholders will need to download the Zoom application onto their computer or smartphone.

RECORD DATE

Persons registered on the books of the Company at the close of business on February 12, 2021 (the “**Record Date**”) and persons who are transferees of any shares acquired after such record date and who have produced properly endorsed certificates evidencing such shares or who otherwise establish ownership thereof and demand, not later than 10 days before the Meeting, that their names be included in the list of shareholders, are entitled to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

At the date hereof, the Company has 109,771,580 outstanding common shares, each of which carries one vote. To the knowledge of the directors and officers of the Company, there are no persons or corporations beneficially owning, directly or indirectly, or exercising control or direction over securities carrying in excess of 10% of the voting rights.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The annual report, the annual financial statements for the fiscal year ended September 30, 2020 and the report of the auditors thereon will be submitted to the Meeting of Shareholders. Receipt at such Meeting of the auditors' report and the Company's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein.

Shareholders may request a copy of the Company's annual financial statements, interim financial statements and the corresponding MD&A. Enclosed with this Circular is a Request Form which may be completed and delivered to the Company's registrar and transfer agent, AST Trust Company (Canada), P.O. Box 700 Postal Station B, Montreal QC H3B 3K3 or via hand delivery to 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6.

ELECTION OF DIRECTORS

The board of directors (the "Board" or the "Board of Directors") currently consists of seven (7) directors to be elected annually. The following table states the names of all the persons proposed to be nominated by management for election as directors, all other positions and offices with the Company now held by them, their principal occupations, businesses or employments, the period or periods of service as directors of the Company and the number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

Name and Principal Occupation within the past 5 years, province/state and country of residence	Position with the Company	Director Since	No. of Voting Securities Owned, Controlled or Directed as at February 12, 2021 ⁽¹⁾
Peter M. Blecher Medical Director Centres for Pain Management Ontario, Canada	Director	December 6, 2005	1,765,656
Mark A. Cochran Managing Director - Retired Johns Hopkins Medicine JHHC – Solutions Maryland, USA	Director	October 16, 2002	549,277
Vaughn C. Embro-Pantalony ⁽²⁾⁽³⁾ Pharmaceutical Executive, Previously President and Chief Executive Officer of Microbix Biosystems, Inc. Ontario, Canada	Director	February 6, 2007	1,450,037
Anthony Giovinazzo ⁽²⁾⁽³⁾ Chairman & CEO Red Granite Capital Ontario, Canada	Director	December 7, 2020	82,000

Name and Principal Occupation within the past 5 years, province/state and country of residence	Position with the Company	Director Since	No. of Voting Securities Owned, Controlled or Directed as at February 12, 2021 ⁽¹⁾
Joseph D. Renner ⁽²⁾⁽³⁾ Chairman of the Board Zydus Pharmaceuticals USA Inc. New Jersey, USA	Director	February 25, 2003	7,173,370
Martin Marino ⁽²⁾⁽³⁾ Pharmaceutical Executive, Previously, Global General Counsel, Merck Generics Group, Germany Ontario, Canada	Director, Chairman	February 17, 2009	500,000
Cameron Groome ⁽³⁾ President & Chief Executive Officer, Microbix Biosystems Inc. Ontario, Canada	President, Chief Executive Officer and Director	March 8, 2012	1,410,000

Notes:

- (1) *The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.*
- (2) *Member of the Audit Committee.*
- (3) *Member of the Human Resources, Compensation and Governance Committee*

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes “Withheld” than votes “For” will submit his or her resignation to the board promptly following the Meeting. The Human Resources, Compensation and Governance Committee will consider the offer of resignation and, except in extraordinary circumstances, will be expected to recommend that the Board accept the resignation, if applicable. The Board may: (1) leave a vacancy on the Board until the Company’s next annual meeting; (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders; or (3) call a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED SEPERATELY FOR THE ELECTION OF EACH OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED SEPARATELY IN FAVOUR OF EACH OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

APPOINTMENT OF AUDITORS

It is proposed that Ernst & Young LLP be re-appointed as the auditors of the Company to hold office until the next annual meeting of shareholders or until their successor is appointed, at remuneration to be fixed by the Board of Directors.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RE-APPOINTMENT OF ERNST & YOUNG LLP, CHARTERED

PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS OR UNTIL THEIR SUCCESSOR IS APPOINTED, AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Auditors Fees

The following table summarizes the fees billed to the Company for services provided by its external auditors, during the fiscal years ended September 30, 2019 and 2020, respectively:

Fiscal Year	Audit Fees	Audit Related Fees	Tax Fees	Other Fees
2019	\$ 139,000	NIL	\$ 3,500	NIL
2020	\$ 142,000	\$ 3,000	\$ 3,500	\$ 6,647

SPECIAL BUSINESS

RE-APPROVAL OF STOCK OPTION PLAN

Effective February 8, 2018, the Company's Board of Directors adopted a rolling 10% stock option plan (the "**Stock Option Plan**") subject to, and effective upon, approval of Shareholders, which approval was received on March 28, 2018. A summary of the key terms of the Stock Option Plan is set out below under "Equity Compensation Plan Information" and is qualified in its entirety by reference to the full text of the Stock Option Plan set out in Schedule "C" to the Circular.

In accordance with rules and policies of TSX, at the Meeting, Shareholders will be asked to pass an ordinary resolution re-approving the Stock Option Plan. The re-approval of the Stock Option Plan will be effective for three years from the date of the Meeting.

At the Meeting, shareholders will be asked to approve the following ordinary resolution, with or without amendment:

"BE IT RESOLVED THAT:

- 1. The Company's Stock Option Plan and all outstanding grants of options made by the Board of Directors pursuant to the Stock Option Plan and all unallocated options issuable under the Stock Option Plan are hereby ratified, confirmed and approved; and**
- 2. Any one officer or director of the Company is hereby authorized and directed to do all such acts and things and to execute and deliver all such instruments and documents as may be necessary to give full effect to this resolution."**

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RE-APPROVAL OF THE STOCK OPTION PLAN UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

APPROVAL OF AMENDMENT TO WARRANTS HELD BY INSIDERS

At the Meeting, disinterested Shareholders will be asked to approve an ordinary resolution (“**Warrant Amendment Resolution**”) to approve an amendment (“**Warrant Amendment**”) to the terms of an aggregate of 375,002 outstanding common share purchase warrants (“**Insider Warrants**”) held by four (4) officers and/or directors (“**Insiders**”) of the Company. The original expiry dates of the Insider Warrants were October 17, 2020 and October 26, 2020 and the proposed new expiry dates of the Warrants are October 17, 2021 and October 26, 2021, respectively.

The Company issued an aggregate of 7,413,052 common share purchase warrants as part of two private placement financings completed in several tranches in October 2015 (the “**2015 Warrants**”) and in October 2017 (the “**2017 Warrants**”). An aggregate of 1,500,000 of the 2015 Warrants are exercisable at \$0.55 per share and 81,550 finders warrants are exercisable at \$0.46 per share. An aggregate of 5,831,502 2017 Warrants are exercisable of \$0.36 per share.

On September 8, 2020, the TSX advised the Company that it had accepted notice of the Company’s proposal to amend the 2015 Warrants and 2017 Warrants. Certain Insiders of the Company participated in the 2017 private placement financing and hold the following Insider Warrants:

Insider	Number of 2017 Warrants	Percentage of Outstanding Common Shares ⁽¹⁾
Cameron Groome (and spouse) (CEO and a Director)	166,668	0.15%
Peter Blecher or spouse (Director)	166,667	0.15%
Jim Currie and spouse (Officer)	25,000	0.002%
Phil Casselli (Officer)	16,667	0.015%

(1) Based on 109,521,580 common shares issued and outstanding.

The Common Shares of the Company are listed on the TSX and under the rules of the TSX, any amendments to the term of unlisted Warrants is subject to prior approval of the TSX. In addition, the rules of the TSX provide the amendment of the term of warrants held by Insiders of the Company is subject to approval by the disinterested Shareholders of the Company.

In the event that disinterested Shareholder approval of the Warrant Amendment Resolution is not obtained, the Insider Warrants will not be exercisable as they will be deemed to have expired in accordance with their original terms in October, 2020.

The Warrant Amendment constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) as it involves the amendment of securities of the Company that are beneficially owned by related parties, namely the Insiders. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of each amendment will not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101.

The proposed Warrant Amendment was approved by a special committee of directors

consisting solely of directors of the Company who are independent directors with respect to the Warrant Amendment in so far as it involves Insiders of the Company.

At the Meeting, Shareholders, other than Shareholders holding Insider Warrants will be asked to approve the following resolution (the “**Warrant Amendment Resolution**”) approving an amendment to the terms of the Insider Warrants, to extend the expiry date of the Insider Warrants from October 17, 2020 and October 26, 2020 to October 17, 2021 and October 26, 2021, respectively:

“BE IT RESOLVED THAT:

- 3. The amendment to the terms of the 375,002 outstanding share purchase warrants of the Company dated October 17, 2017 and October 26, 2017 held by Insiders of the Company, extending the expiry date of such warrants from October 17, 2020 and October 26, 2020 to October 17, 2021 and October 26, 2021, respectively, be and is hereby approved;**
- 4. The Board of Directors of the Company may revoke this resolution before it is acted upon without further shareholder approval; and**
- 5. Any one officer or director of the Company is hereby authorized and directed to do all such acts and things and to execute and deliver all such instruments and documents as may be necessary to give full effect to this resolution.”**

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPROVAL OF THE WARRANT AMENDMENT RESOLUTION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section of the Circular explains how the Company’s executive compensation program is designed and operated with respect to the individuals who were, at September 30, 2020, the Chief Executive Officer, the Chief Financial Officer and the next three most highly compensated executive officers whose total compensation was, individually, more than \$150,000, and such other individuals as required by applicable legislation (collectively, the “**Named Executive Officers**”) of the Company.

The Human Resources, Compensation and Governance Committee (the “**Compensation Committee**”) of the Board of Directors reviews and makes recommendations to the Board of Directors with respect to all matters pertaining to the appointment, compensation and benefits of senior management of the Company.

The Compensation Committee of the Board of Directors is composed of Mr. Joseph Renner, Mr. Martin Marino, Mr. Cameron Groome, Mr. Vaughn Embro-Pantalony and Mr. Anthony Giovinazzo. Mr. Renner, Mr. Giovinazzo and Mr. Marino are independent directors. Mr. Marino is the Chairman of the Compensation Committee.

The philosophy of the Compensation Committee is to determine compensation of the Company’s executive officers relative to the performance of the Company in executing on its objectives. The Company uses remuneration to encourage, compensate and reward employees on the basis of the

achievement of daily and long-term corporate and personal goals. Compensation is directly tied to both corporate and individual performance. The base level of compensation is used to attract and retain key individuals with skills and experience required in the Company. Awarding of options to acquire Common Shares is designed to maximize shareholder value in the longer term. The Compensation Committee makes recommendations to the Board of Directors with respect to compensation of executive officers.

The Compensation Committee meets, at a minimum, on an annual basis to plan the total compensation changes for the new fiscal year. The Compensation Committee takes into account the business projections and the actual business result with respect to compensation planning for the Company in the next year. There are two main areas of consideration: executive management and the employees. Changes are designed to encourage and reward accomplishments on individual and Company goals, in both the short and long term.

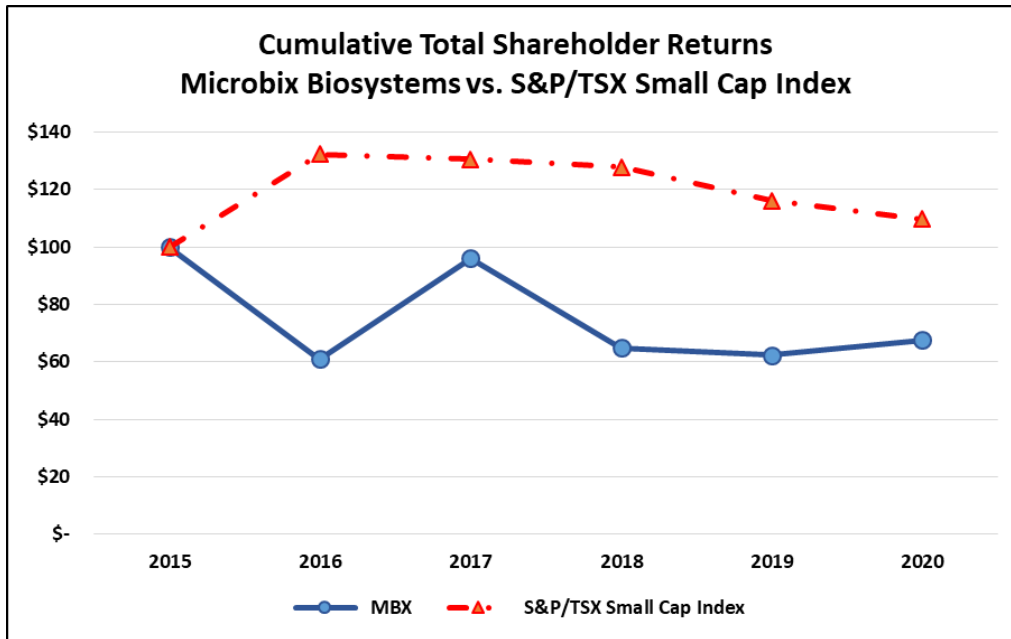
The level of base salary for each employee is determined by the level of responsibility and relative importance of the position in the Company, together with comparative industrial norms. Options are granted to employees as incentive to preserve and maximize shareholder value in the longer term, as a reward for individual success and as a way of encouraging future performance. The Compensation Committee recommends aggregate amounts for both compensation increases and any option grants, and management is responsible for the allocation and distribution among the staff.

The Board of Directors has delegated the authority to grant options to the President and CEO through recommendations from the Compensation Committee and the senior management of the Company. Stock options for employees, consultants and directors are granted periodically as part of the compensation incentive and additionally as required by business circumstances.

The compensation for the executive management, including the CEO, President, CFO, and Vice President positions, is based on the achievement of business goals. The Company uses independent third party analysis to ensure that compensation is competitive and in the range of market value.

SHARE PERFORMANCE GRAPH

The following graph compares the yearly percentage in the cumulative total shareholder return of the common shares of the Company for the period from September 30, 2015 to September 30, 2020, with the cumulative total return of the S&P/TSX Small Cap Index for the same period. ⁽¹⁾



Shareholder Return	2015	2016	2017	2018	2019	2020
MBX	\$ 100.00	\$ 61.04	\$ 96.10	\$ 64.94	\$ 62.34	\$ 67.53
S&P/TSX Small Cap Index	\$ 100.00	\$ 132.37	\$ 130.64	\$ 127.84	\$ 116.20	\$ 109.82

Notes:

(1) Assumes \$100 invested in the Company's common shares on September 30, 2014 and in the S&P/TSX SmallCap Index, which assumes dividend reinvestment.

COMPENSATION SUMMARY

The following table sets out all compensation paid, payable, awarded, granted or otherwise provided, directly or indirectly, by the Company, in Canadian dollars, to the individuals who were at September 30, 2020, the Chief Executive Officer, Chief Financial Officer, and the next three most highly compensated executive officers whose total compensation was, individually, more than \$150,000, for the three most recently completed fiscal years of the Company.

Summary Compensation Table

Name and Principal Position	Year	Salary \$	Share-based awards \$	Option-based awards (1) \$	Non-equity incentive plan compensation \$		All other (2) compensation \$	Total Compensation \$
					Annual Incentive plans	Long-term incentive plans		
Cameron Groome President & CEO	2020	304,521	-	27,280	25,000	-	6,482	363,283
	2019	280,752	-	26,000	-	-	5,940	312,692
	2018	250,000	-	-	50,000	-	5,614	305,614
William J. Gastle (3) Executive Chairman	2020	190,000	-	15,500	-	-	10,785	216,285
	2019	192,183	-	13,000	-	-	8,967	214,150
	2018	190,000	-	-	-	-	11,570	201,570
James S. Currie Chief Financial Officer	2020	206,654	-	21,700	15,000	-	12,368	255,722
	2019	189,366	-	26,000	5,000	-	11,662	232,028
	2018	180,000	-	-	2,000	-	11,339	193,339
Kenneth Hughes Chief Operating Officer	2020	205,030	-	21,700	3,000	-	6,355	236,085
	2019	67,332	-	13,000	-	-	1,781	82,113
	2018	-	-	-	-	-	-	-
Phillip Casselli Senior Vice President, Sales and Business Development	2020	201,986	-	12,400	3,000	-	11,870	229,256
	2019	192,750	-	13,000	-	-	11,216	216,966
	2018	174,000	-	-	2,000	-	11,125	187,125

Notes:

- (1) Fair value of stock options received during the year, based upon the Black Scholes option model
- (2) Automobile allowance and health benefits costs
- (3) William Gastle retired on October 15, 2020

INCENTIVE PLAN AWARDS

Outstanding option-based awards and share-based awards as at September 30, 2020

Name	Option-based Awards				Share-based Awards (1)	
	Number of securities underlying unexercised options (2)	Option Exercise Price (3)	Option Expiration Date	Value of unexercised options in-the-money options (4)	All other (2) compensation \$	Total Compensation \$
Cameron Groome	1,500,000	\$ 0.28	3-Aug-22	\$ -	-	-
	200,000	\$ 0.23	22-Feb-24	\$ 6,000	-	-
	220,000	\$ 0.22	25-Feb-25	\$ 9,900	-	-
William J. Gastle (5)	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-
James S. Currie	250,000	\$ 0.23	31-Oct-22	\$ 7,500	-	-
	200,000	\$ 0.23	22-Feb-24	\$ 6,000	-	-
	175,000	\$ 0.22	25-Feb-25	\$ 7,875	-	-
Kenneth Hughes	100,000	\$ 0.25	17-Apr-24	\$ 1,000	-	-
	175,000	\$ 0.22	25-Feb-25	\$ 7,875	-	-
Phil Casselli	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	100,000	\$ 0.22	25-Feb-25	\$ 4,500	-	-

Notes:

(1) The Company does not have a share-based awards plan.

(2) The securities underlying the stock options of the Company are Common Shares. The issuer of the stock options is the Company. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section below entitled "Stock Option

(3) The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the TSX on the trading day immediately preceding the date of grant.

(4) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Company's Common Shares on the TSX on September 30, 2020 of \$.26 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the NEO. The actual gains, if any, on exercise will depend on the value of the Common Shares on the TSX on the date of the option exercise.

(5) William Gastle retired on October 15, 2020

PENSION PLAN BENEFITS

The Company does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

COMPENSATION OF DIRECTORS

Material Factors Necessary to Understand Director Compensation

The Board reviews and approves changes to the Company's director compensation arrangements from time to time to ensure they remain competitive in light of the time commitments required from directors and align directors' interests with those of the Company's shareholders.

The Company has adopted a compensation scheme for non-executive directors that pays each non-executive director a fee of \$1,000 per meeting.

Directors are also eligible to participate in the Company's Stock Option Plan and are awarded stock options under the Plan from time to time as compensation for their services as directors. For further details concerning the terms of the Plan, please see the section of this Information Circular below entitled "*Equity Compensation Plan Information*".

Directors are also reimbursed for travel and other expenses incurred in attending meetings and the performance of their duties.

During the financial year ended September 30, 2020, the directors (excluding NEOs who are directors and are not entitled to any additional compensation for their service as directors) received compensation set out in this Information Circular.

Director Option-based Awards

Outstanding option-based awards and share-based awards as at September 30, 2020

Name (5)	Option-based Awards				Share-based Awards (1)	
	Number of securities underlying unexercised options (2)	Option Exercise Price (3)	Option Expiration Date	Value of unexercised options in-the-money options (4)	All other (2) compensation \$	Total Compensation \$
Peter M. Blecher	400,000	\$ 0.28	2-Aug-22	\$ -	-	-
	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-
Mark A. Cochran	400,000	\$ 0.28	2-Aug-22	\$ -	-	-
	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-
Vaughn Embro-Pantalony	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-
Martin Marino	600,000	\$ 0.28	2-Aug-22	\$ -	-	-
	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-
Joseph D. Renner	100,000	\$ 0.23	22-Feb-24	\$ 3,000	-	-
	125,000	\$ 0.22	25-Feb-25	\$ 5,625	-	-

Notes:

(1) The Company does not have a share-based awards plan.

(2) The securities underlying the stock options of the Company are Common Shares. The issuer of the stock options is the Company. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section below entitled "Stock Option Plan".

(3) The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the TSX on the trading day immediately preceding the date of grant.

(4) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Company's Common Shares on the TSX on September 30, 2019 of \$0.26 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be realized. The actual gains, if any, on exercise will depend on the value of the Common Shares on the TSX on the date of the option exercise.

(5) Includes all directors not shown in the NEO (Named Executive Officer) Summary

The Board considers option grants to directors at the time a director joins the Board and annually thereafter. Option grants to directors are intended as a long term incentive and vest in equal portions over a period of three years.

The Company annually renews and purchases, at its expense, insurance coverage in the aggregate amount of \$10,000,000 for protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Company. The premium paid by the Company for the insurance for the current year is \$30,274 USD.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information as of September 30, 2020, the year end of the Company’s most recently completed financial year, with respect to compensation plans under which equity securities of the Company are authorized for issuance. The only compensation plan under which equity securities of the Company are authorized for issuance is the Company’s Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	10,040,000	\$0.32	837,570
Equity compensation plans not approved by security holders	None	N/A	N/A
Total	10,040,000	\$0.32	837,570

Burn Rate of the Company’s Stock Option Plan

The following table shows the number of options granted as a percentage of average Common Shares outstanding (the “**Burn Rate**”) for the past three years. The Burn Rate is defined as the number of options granted in a fiscal year, less any cancellations or forfeitures, divided by the weighted average number of Common Shares in that year:

	2018	2019	2020
Net Shares Granted under 2018 Stock Options Plan	-	2,140,000	2,350,000
Weighted Average Outstanding Shares	96,198,810	97,085,052	104,839,372
Burn Rate	0%	2%	2%

Summary of the Stock Option Plan

Effective February 8, 2018, the Board of Directors adopted a new rolling 10% stock option plan (the “**Stock Option Plan**” or the “**Plan**”), to replace the old stock option plan which provided for a fixed number of options (the “**Old Stock Option Plan**”). The Stock Option Plan was

approved by Shareholders at the Company's Annual Meeting held on March 28, 2018. All of the outstanding options under the Old Stock Option Plan are governed by the Stock Option Plan. A copy of the Stock Option Plan is attached to this Management Information Circular as Schedule "C" and a summary thereof is included below. The summary, however, is qualified in its entirety by the terms of the Stock Option Plan.

The purpose of the Stock Option Plan is to provide a means whereby the Company may, through the grant of options to purchase common shares of the Company to officers, directors, employees and service providers of the Company, and of any affiliate or subsidiary of the Company, motivate officers, directors, employees and other service providers (including officers and directors who are not employees) to exert their best efforts on behalf of the Company, and any affiliate or subsidiary, and closely align the personal interest of such officers, directors and employees and service providers with those of the shareholders. Options may be granted by the Company from time to time to officers, directors, key employees and service providers or to a personal holding company controlled by such optionees or to registered retirement savings plans established by such optionees of the Company, or of any affiliate or subsidiary of the Company. The Stock Option Plan is administered under the supervision of the Board of Directors of the Company or the Human Resources, Compensation and Governance Committee.

Pursuant to the Stock Option Plan, options granted under the plan are evidenced by an agreement in a form approved by the Board. In addition, the option price per common share shall be determined by the Board at the time any option is granted but in no event shall such price be lower than the closing sale price of the common shares on the TSX on the business day immediately prior to the day on which the option is granted.

Each option agreement specifies the period for which the option thereunder is exercisable (which in no event shall exceed 10 years from the date of the grant) and provides that the options shall expire at the end of such period (the "**Expiry Date**"). If the Expiry Date of any vested option falls on, or within nine (9) trading days, immediately following, the date upon which the optionee is prohibited from exercising such option due to a black out period or other trading restriction imposed by the Company ("**Black Out Period**"), then the Expiry Date of such option shall be automatically extended to the tenth (10th) trading day following the date the relevant Black Out Period is lifted, terminated or removed.

The number of Shares that may be issued as a result of the grant of Options under the Plan, when combined with all other Shares subject to grants made under the Company's other share compensation arrangements, shall be equal to 10% of the issued and outstanding Shares from time to time. Any increase in the issued and outstanding Shares will result in an increase in the available number of Shares issuable under the Plan, and any exercises, forfeitures or expiry of options will make new grants available under the Plan effectively resulting in a re-loading of the number of options available to grant under the Plan. In addition, the number of Common Shares which may be issuable, at any time, under the Plan and under any other employee stock option plans or other share compensation arrangements of the Company to insiders of the Company, and of any affiliate or subsidiary of the Company, shall not exceed 10% of the Company's total issued and outstanding securities. The number of Common Shares which may be issued within a one-year period pursuant to the Stock Option Plan and under any other employee stock option plans or other share compensation arrangements of the Company, to insiders of the Company and of any affiliate or subsidiary of the Company, shall not exceed 10% of the outstanding issue. The aggregate number of Common Shares that any one individual may receive under the Plan shall not exceed 5% of the issued and outstanding Common Shares of the Company on the date of the grant of such option. Options granted under the Stock Option Plan will be subject to such vesting schedule as the Board may determine.

The terms and conditions of each option granted under the Stock Option Plan are set forth in an option agreement entered into between the Company and each optionee (the “**Option Agreement**”). Each Option Agreement, among other things, sets out the number of options granted, their exercise price, vesting schedule and term. Pursuant to the Stock Option Plan, if any optionee who is a director, officer, employee or consultant of the Company or an affiliate shall cease to act in that capacity for any reason other than death or permanent disability, the optionee may exercise the optionee’s option, to the extent the optionee may be entitled to at the date of termination of the optionee’s employment, office, directorship or services, at any time, or from time to time, within 90 days of the date of termination of the optionee’s employment, office, directorship or services, but in no event later than the expiration date specified in accordance with the expiry date.

The Company does not provide any financial assistance to participants under the Stock Option Plan to facilitate the purchase of securities under the Stock Option Plan.

The Stock Option Plan also provides that if a change of control occurs, all options of the optionee which have not vested shall be deemed to be fully vested and exercisable solely for purposes of permitting the optionee to exercise such options in order to participate in the change of control transaction in respect of the Common Shares thereby acquired.

No option under the Plan shall be transferable or assignable other than by will or by the laws of descent and distribution. During the lifetime of the optionee, an option shall be exercisable only by such optionee. The Plan also provides that options may be granted only within 10 years from the date the Plan has been adopted by the Board. The Plan also provides that in no event shall the Board, without prior approval of the Shareholders of the Company, make any amendment to the Plan in respect of: (i) a reduction in the exercise price for options held by insiders; (ii) any extension of the term of options held by insiders; (iii) any amendment to remove or to exceed the insider participation limit; (iv) an increase to the maximum number of shares of the Company which are reserved for issuance under the Plan (and under any other share compensation agreement of the Company; or (v) any amendments to an amending provision of the Plan.

Subject to applicable regulatory requirements, the Board may from time to time, and without having to obtain shareholder approval, amend, suspend or discontinue the Plan, provided, including, without limitation, amendments relate to: (i) the vesting provisions of the Plan or any option granted under the Plan; (ii) the early termination provisions of the Plan or any option issued under it; (iii) the addition or modification of a provision relating to financial assistance; (iv) the addition or modification of a cashless exercise feature, payable in cash or shares, which provides for a full deduction of the number of underlying shares from the reserve; (v) the suspension or termination of the Plan; or (vi) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

As at the date of this Circular, the Company had 109,521,580 Common Shares issued and outstanding and 10,040,000 options issued and outstanding under the Plan representing approximately 9.2% of the issued and outstanding shares of the Company as of the date hereof. There are 837,570 options available under the Plan, representing approximately 0.7% of the issued and outstanding shares of the Company available for grant pursuant to the Stock Option Plan.

Under the TSX policies, a rolling stock option plan must be approved and ratified by Shareholders every three years after institution.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As at the date hereof, none of the executive officers, directors, employees and former executive officers, directors and employees of the Company are indebted to the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company has developed under the stewardship of the Board of Directors which works closely with management, making decisions as a whole rather than through a system of committees. The Company has two (2) formal committees: the Audit Committee; and the Human Resources, Compensation and Governance Committee. The Board holds formal meetings once per fiscal quarter to consider the Company's business and financial performance, the appointment of officers and approval of shareholder communications. Additional meetings are held as needed to consider specific issues that arise from time to time. During the fiscal year ended September 30, 2020, the Board met seven (7) times.

Working groups of directors as ad hoc committees may be formed as required to investigate business developments or other operational matters. Historically, the Chairman and Chief Executive Officer has consulted with individual directors on an informal basis, usually weekly. Because there are only two senior executives, members of the Board of Directors often provide direct assistance and participate closely in operational and strategic decisions before they are submitted to the Board as a whole. In this regard, the Board is very much a "working board" in the sense that Board members are often directly involved in management issues. Management also prepares reports to the Board in respect of operations and matters which require pre-approval by the Board. All material items of a capital nature, as well as material expenditures, borrowings, annual financial statements and shareholder communications, require Board pre-approval. The Audit Committee reviews all disclosure of financial information such as annual and interim financial statements and related press releases prior to dissemination.

The Executive Chairman and the Chief Executive Officer report to the Board on the Company's progress by comparing actual results to annual forecasts. Management is responsible for risk identification, risk management, succession planning, human resource management and public communication, under the overall direction of the Executive Chairman and the Chief Executive Officer who report to and accept direction in these areas from the Board. The Board of Directors reviews the performance of the Chairman and Chief Executive Officer informally on an ongoing basis. The Board, directly and through its Audit Committee, assesses the integrity of the Company's internal control and management information systems.

The Company does not have a significant shareholder with the ability to exercise a majority of the votes for the election of directors. Four of the seven members of the Board of Directors are independent, being free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests or relationships arising from shareholdings. For the fiscal year ended September 30, 2020, the non-independent directors are Mr. Gastle, by virtue of his position as Executive Chairman of the Company and Mr. Groome by virtue of his position as President and Chief Executive Officer of the Company. Mr. Gastle resigned as an officer and director of the Company on October 15, 2020.

The Board has not appointed a nominating committee to appoint and assess directors, nor has it implemented a formal process for assessing directors. Appointments to the Board of Directors are discussed by the Board as a whole with a view to reflecting the interest of shareholders and the needs of

the Company. Assessments of directors are conducted in the same way. New directors are provided with an orientation program consisting of informal meetings with other Board members, management, the Company's legal counsel and/or auditors, depending upon the new directors' appointments and wishes. The Board considers that the current size of the Board is appropriate for the Company's size, complexity and stage of development.

The Board has not adopted a written policy relating to the identification and nomination of women directors. Potential nominees for the Board are evaluated on the basis of experience, skill and ability and determining if the candidates' qualifications will meaningfully contribute to the effective functioning of the Board taking into consideration current Board composition and the skills and knowledge required to make the Board most effective.

The Board believes that having written policies governing the selection of Board nominees could unduly restrict the Board's ability to select the most capable nominees that are free from conflicts of interest or other considerations that may impede the ability of a candidate to serve as a director of the Company.

The Board and management of the Company consist of a diverse set of individuals with a broad range of skill sets. At this time there are no women on the Board, and the Board has not adopted a specific target regarding women on the Board or in executive positions, as candidates are selected based on their qualifications, character and experience, regardless of gender. The Company is an equal opportunity employer.

As at the date hereof, no members of the Board and no executive officers of the Company are women.

The Board has considered the compensation of directors in light of risks and responsibilities. Non-Executive Directors are granted stock options, as well they receive cash remuneration. See "*Compensation of Directors*" above.

As at September 30, 2020, the Audit Committee was composed of Mr. Martin Marino as Chairman and Directors, Joseph Renner and Vaughan Embro-Pantalony. Messrs. Embro-Pantalony, Marino and Renner are considered independent directors. In October, 2020, Mr. Embro-Pantalony was appointed Chairman of the Audit Committee and Mr. Anthony Giovinazzo was appointed to the Audit Committee. Mr. Giovinazzo is considered an independent director. The Audit Committee is responsible for the Company's financial and other internal control systems and reporting, has direct access to external auditors, and is in close contact with the financial management of the Company. The Company has adopted an Audit Committee Charter, a copy of which is annexed to this information circular as Schedule "A".

As at September 30, 2020, the Human Resources, Compensation and Governance Committee was composed of Messrs. Renner, Marino, Embro-Pantalony, Groome and Gastle. Mr. Gastle retired as an officer and a director of the Company in October, 2020. Mr. Giovinazzo was appointed to the Human Resources, Compensation and Governance Committee in October, 2020. The Compensation Committee is responsible for overseeing compensation, promotions and appointments of senior management of the Company and of the Board of Directors.

Annexed to this Circular as Schedule "B", is disclosure of the Company's approach to corporate governance in the form required by National Instrument 58-101.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an officer of the Company at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, except as disclosed in this Information Circular.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management knows of no matters to come before the Meeting of shareholders other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Security holders may contact the Company to request copies of the Company's financial statements and Management's Discussion and Analysis ("MDA") by completing the Request Form sent to shareholders with this information circular and mailing it to AST Trust Company (Canada), P.O. Box 700, Station B, Montreal, Quebec, H3B 3K3 or via hand delivery to 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year ended September 30, 2020.

GENERAL

Except where otherwise indicated, information contained herein is given as of February 12, 2021.

DATED this 12th day of February, 2021

**By Order of the Board of Directors of
Microbix Biosystems Inc.**

By: (signed) "Cameron Groome"

Cameron Groome,
President and Chief Executive Officer

SCHEDULE “A” AUDIT COMMITTEE CHARTER

Role

The purpose of the Audit Committee of the Board of Directors (the “Board”) of Microbix Biosystems Inc. (the “Company”) is to assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Audit Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on the Company’s processes to manage business and financial risk, and on compliance with applicable legal, ethical and regulatory requirements.

Membership

The membership of the Audit Committee shall consist of at least three directors who are (or within a reasonable period of time become) financially literate and generally knowledgeable in financial and auditing matters, including at least one member with accounting or related financial management expertise. Each member of the Audit Committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. Each member shall be independent, meaning that the member shall be free of any direct or indirect material relationship with the Company. A material relationship means a relationship that, in the view of the Board, could reasonably interfere with the exercise of the member’s independent judgment. The provisions and requirements of Multilateral Instrument 52-110 “Audit Committee” related to determining the independence of individuals shall apply to members of the Audit Committee. In addition, each member of the Audit Committee shall be an “unrelated director” within the meaning of the rules of the Toronto Stock Exchange (the “TSX”).

The Chair of the Audit Committee shall be appointed by the full Board.

Communications and Reporting

The Committee is expected to maintain free and open communication with the external auditors, the internal accounting staff, and the Company’s management. This communication shall include private executive sessions, at least annually, with each of these parties. The Committee chairperson shall report on Audit Committee activities to the full Board.

Authority

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose. The Audit Committee shall be empowered to set and pay the compensation for any such advisors employed by the Audit Committee. The Audit Committee shall have the authority to communicate directly with the internal and external auditors of the Company.

Responsibilities

Oversight

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external auditor regarding financial reporting.

Recommend Auditor

The Audit Committee must recommend to the Board the external auditor to be nominated (subject to shareholder approval) for the purpose of preparing and issuing an auditor's report or performing other audit, review or attest services for the Company and the compensation of the external auditor.

Pre-Approve Non-Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to the Company (or any of its subsidiary entities) by the Company's external auditor.

Review Financial Disclosure

The Audit Committee must review the Company's financial statements, management's discussion and analysis (MD&A) and annual and interim financial press releases before the Company publicly discloses this information.

The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and must periodically assess the adequacy of those procedures.

Whistle Blower Procedures

The Audit Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Reliance on Management and Auditors

The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the external auditor in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Company's financial statements. The Audit Committee should assure itself that the Company's internal policies, procedures and controls are adequate and are being implemented and followed.

Relationship with Auditors

The Audit Committee is also responsible for ensuring that the Company's external auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the external auditors and the Company and actively engaging in a dialogue with the external auditors with respect to any disclosure relationships or services that may impact the objectivity and independence of the external auditors and for taking appropriate action to ensure the independence of the external auditors within the meaning of applicable Canadian law.

The Audit Committee must review and approve the Company's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

Guidelines for Audit Committee

With respect to the exercise of its duties and responsibilities, the Audit Committee should, among other things:

- (1) report regularly to the Board on its activities, as appropriate;
- (2) exercise reasonable diligence in gathering and considering all material information;
- (3) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;
- (4) understand and weigh alternative courses of conduct that may be available;
- (5) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;
- (6) if the Audit Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities; and
- (7) provide management and the Company's independent auditors with appropriate opportunities to meet privately with the Audit Committee.

Meetings

The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Audit Committee shall meet at least annually with management and the Company's external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups or persons believe should be discussed privately. In addition, the Audit Committee should meet or confer with the external auditors and management to review the Company's interim consolidated financial statements and related filings prior to their filing with the Ontario Securities Commission, or any other regulatory body. The Chairman should work with the Chief Financial Officer and management to establish the agendas for Audit Committee meetings. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee's activities and provide copies of such

minutes to the Board to be included in the minute books of the Company.

Disclosure and Review of Charter

This Charter shall be published in the Company's annual report, information circular or annual information form of the Company as required by law. The Audit Committee should review and assess annually the adequacy of this Charter as required by the applicable rules of the TSX or applicable Canadian securities regulators.

SCHEDULE “B” CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

As at September 30, 2020, five of the seven members of the Board were independent directors. These independent directors are Dr. Peter Blecher, Dr. Mark Cochran, Vaughn Embro-Pantalony, Martin Marino, and Joseph D. Renner. Cameron Groome is not independent as he was appointed President and Chief Executive Officer on July 24, 2017. Mr. Gastle retired as an officer and director of the Company in October, 2020.

In October, 2020, Mr. Marino was appointed Chairman of the Board of Directors of the Company. Mr. Marino is considered an independent director. Mr. Marino is responsible for chairing meetings of the Board and calls meetings of the Board as required between the regularly scheduled quarterly meetings, as issues of substance arise. Mr. Marino is responsible for the management, development and effective performance of the Board and provides leadership to the Board for all aspects of the Board’s work.

In October, 2020, Mr. Vaughan Embro-Pantalony was appointed at the Chairman of the Audit Committee.

In October, 2020, Mr. Anthony Giovinazzo was appointed as an independent director and a member of the audit committee.

In 2020, the full Board met seven times with attendance as noted below. Regular Board meetings are called on a quarterly basis. Special Board Meetings are called for specific strategic business reasons. The Board is consulted on a frequent and informal basis by management which is done extraordinarily to regular meetings.

Date	Committee	Peter Blecher	Mark Cochran	Vaughn Embro-Pantalony	William Gastle	Cameron Groome	Martin Marino	Joe Renner
November 14, 2019	BoD Meeting	+	+	+	+	+	+	+
December 12, 2019	Audit			+	+	+	+	+
December 19, 2019	BoD Meeting	+	+	+	+	+	+	+
February 6, 2020	Audit			+	+	+	+	
February 11, 2020	BoD Meeting	+	+	+	+	+	+	+
May 7, 2020	Audit			+	+	+	+	+
May 12, 2020	BoD Meeting	+	+	+	+	+	+	+
July 24, 2020	Special Mtg re OTF/Options	+	+	+	+	+	+	+
July 31, 2020	Special Mtg re OTF	+	+	+	+	+	+	
August 6, 2020	Audit			+	+	+	+	+
August 11, 2020	BoD Meeting	+	+	+	+	+	+	+

During the fiscal year ended September 30, 2020, the Audit Committee met four (4) times; the Human Resources, Compensation and Governance Committee met one (1) times.

The Board functions independently as a majority of the members of the Board are not involved in management. Also, when appropriate, the Board excuses management from meetings and conducts business and makes decisions exclusive of management.

Mandate for the Board of Directors of Microbix Biosystems Inc.

Overview

The “Mandate for the Board” (the “**Board Mandate**”) is intended to be consistent with the responsibility of a Board of a company the size of Microbix. The Board has the responsibility to oversee the conduct of the business of the Company and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Company. The Board has formerly operated informally by delegating certain of its authorities to management and by reserving certain powers to itself. The Board inherently retains the responsibility of managing its own affairs including reviewing candidates for election to the Board, constituting committees of the full Board and determining compensation for the directors. The Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

Objectives

The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner and meet all regulatory requirements. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, and customers may have in the Company. In broad terms, the stewardship of the Company involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

The Board may also perform any other activities consistent with this Board Mandate, the *Business Corporation Act* (Ontario), the Company’s constating documents and any other governing laws as the Board determines necessary or appropriate.

Committees

The Board, as a whole, receives advice and the results of the review of matters referred to committees by the Board, from the three Committees of the Board. Terms of reference are provided by the Board when Committees are appointed annually. The Board selects Directors for Committees, who in its judgment, have the qualifications for appointment and are willing to serve. The terms of reference for each committee Chairman are provided upon appointment unless they are assumed by virtue of his qualifications and performance in the position held previously. Reporting responsibilities are understood to be the Board and the function of the Chairman and his key responsibilities are reviewed annually. Appointment to committees is for indefinite terms.

The Board has not developed a formal position description for the Chief Executive Officer. His position is reviewed annually by the Compensation Committee and considered by the Board as a whole, annually.

The Board reviews a strategic plan which takes into account the opportunities and risks of the business annually in consultation with the Chief Executive Officer.

The Board has appointed a Chair. The role and responsibilities of the Chairman is to oversee the administration of Board matters including but not limited to scheduling meetings, preparing documentation for Board review, consulting with legal counsel, setting meeting dates and communicating with Directors regularly to ensure all issues of concern to the Board are addressed in meetings.

In the event the Chairman is also an officer or executive of the Company, the Board shall appoint a Lead Director who shall not be an officer or executive of the Company. The Lead Director shall act in an advisory capacity to Chairman and Chief Executive Officer and to the Board of Directors and shall be independent of management.

Orientation and Continuing Education

The Company shall have a process of orientation and education for new members of the Board. When a new member joins the Board, the member shall have a meeting with the management of the Company. This meeting shall include an orientation of the business, strategy, financials and history of the Company as well as a question and answer period. The new member shall also meet with the Board and with each Committee, to which the new Board member is appointed, to discuss with the Board/Committee its mandates, policies and procedures. New Board members shall also be given a copy of the Company's Governance Policies. Any further orientation and/or education shall be determined on an ad hoc basis dependent on the needs of the new member.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Ethics (the “Code”), which applies to all directors, officers and employees of the Company, including but not limited to, the chief executive officer, chief financial officer, controller and persons performing similar functions. A copy of the Code is available from the Company upon request and is available at www.sedar.com.

The Board shall appoint the Corporate Secretary and General Counsel as Compliance Officer under the Code. The Company will circulate the Code to all officers, directors and employees of the Company. Management of the Company will certify to the Board quarterly on compliance with the Code.

Conflicts of interest and potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company, if any, are subject to the procedures provided under the *Business Corporations Act* (Ontario).

Nomination of Directors

The Board as a whole determines who shall be nominated for election to the Board.

Nominations are reviewed in respect of the governance of the Company; qualifications are assessed on an individual basis. Directors are generally selected from professionals with expertise that the Board believes would strengthen the expertise needed in the course of the business of the Company. The Board reviews its size on an on-going basis, and at least annually, with a view to determining the impact of the number of directors upon effectiveness. As the Company has traditionally had Directors who are not residents or citizens of Canada, the category of foreign Directors is considered when appointing new Board Members.

Compensation

The Compensation Committee reviews the adequacy and form of compensation of directors and officers at least on an annual basis. The Compensation Committee reports its findings to the full Board and recommends compensation which is appropriate for the responsibilities and risks assumed by the directors.

The Compensation Committee's primary duties and responsibilities are to review and make recommendations to the Board in respect of: (a) human resource policies, practices and structures (to monitor consistency with the Company's goals and near and long term strategies, support of operational effectiveness and efficiency, and maximization of human resources potential); (b) compensation policies and guidelines; (c) management incentive and perquisite plans and any non-standard remuneration plans; (d) senior management, executive officer appointments and their compensation; (e) management succession plans, management training and development plans, termination policies and termination arrangements; (f) the Company's senior human resource (organizational) structure; and (g) Board compensation matters. The Compensation Committee makes recommendations with respect to the compensation of the executive officers and the Board to the Board, which gives final approval with respect to any executive compensation and directors' compensation matters and issues.

Assessments

The Board shall assess the effectiveness of the Board as a whole, committees of the Board, and the contribution of individual directors on an informal basis. The Lead Director considers the assessment reported to him by individual directors on an annual basis or more frequently from time to time as the need arises. The Lead Director takes appropriate action as required based on discussion with other directors.

Board of Directors

A majority of the Board shall be independent directors.

The Board shall hold regular meetings called on a quarterly basis. The Board shall be consulted on a frequent and informal basis by management which shall occur in addition to regular meetings.

SCHEDULE “C” 2018 STOCK OPTION PLAN

MICROBIX BIOSYSTEMS INC. 2018 STOCK OPTION PLAN

WHEREAS the Corporation desires to terminate any and all of its previous stock option plans (the “**Old Plan**”);

AND WHEREAS the Corporation wishes to replace the Old Plan with a new incentive stock option plan which will comply with the requirements of the Toronto Stock Exchange.

A. Purpose

The Purpose of the 2018 Stock Option Plan (the “**Plan**”) of Microbix Biosystems Inc. (the “**Corporation**”) is to provide a means whereby the Corporation may, through the grant of options to purchase common shares of the Corporation (“**Common Shares**”) to officers, directors, employees and service providers of the Corporation, and of any affiliate or subsidiary of the Corporation, motivate officers, directors, employees and other service providers (including officers and directors who are not employees) to exert their best efforts on behalf of the Corporation, and any affiliate or subsidiary, and closely align the personal interest of such officers, directors and employees and service providers with those of the shareholders. Options may be granted by the Corporation from time to time to officers, directors, key employees and service providers or to personal holding corporation controlled by such optionees or to registered retirement savings plan established by such optionees of the Corporation, or of any affiliate or subsidiary of the Corporation, to purchase Common Shares (such persons, corporations and plans shall be considered to be the class of the eligible optionees hereunder).

B. Number of Shares Available Under Plan

Common Shares to be issued upon exercise of an option granted under the Plan shall be reserved on the date of an option for the issuance upon exercise of such option.

- (1) **Maximum Number.** The number of Common Shares that may be issued as a result of the grant of options under the Plan, when combined with all other Common Shares subject to grants made under the Company’s other share compensation arrangements, shall be equal to 10% of the issued and outstanding Common Shares from time to time. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan, and any exercises, forfeiture or expiry of options will make new grants available under the Plan effectively resulting in a re-loading of the number of options available to grant under the Plan.
- (2) **Insiders.** Notwithstanding anything else herein contained:
 - (a) the number of Common Shares which may be issuable, at any time, under the Plan and under any other employee stock option plans or other share compensation arrangements of the Corporation to insiders (as defined in the TSX Company Manual) of the Corporation, and of any affiliate or subsidiary of the Corporation, shall not exceed 10% of the Corporation’s total issued and outstanding securities;
 - (b) the number of Common Shares which may be issued within a one-year period pursuant to the Plan and under any other employee stock option plans or other share compensation arrangements of the Corporation to insiders of the Corporation, and of

any affiliate or subsidiary of the Corporation, shall not exceed 10% of the outstanding issue; and

- (c) the number of Common Shares which may be issued within a one-year period pursuant to the Plan and under any other employee stock option plans or other share compensation arrangements of the Corporation, to any one insider of the Corporation or of any affiliate or subsidiary of the Corporation, and such insider's associates shall not exceed 5% of the outstanding issue.
- (3) **Individual.** The aggregate number of Common Shares that any one individual may receive under the plan or any other arrangement of the Corporation shall not exceed 5% of the issued and outstanding common shares of the Corporation.
- (4) **Termination, Expiry, etc.** If any option granted under the Plan shall terminate, expire or, with the consent of the optionee, be cancelled as to any Common Shares, new options may thereafter be granted covering such Common Shares, subject to applicable regulatory requirements.

C. Administration

- (1) **Supervision by Board.** The Plan shall be administered under the supervision of the board of directors of the Corporation or the compensation committee of the board of directors (both of which are referred to hereinafter as the "**Board**").
- (2) **Powers of the Board.** Subject to the provisions of the Plan, the Board shall have the power to:
 - (a) determine and designate from time to time those officers, directors employees and service providers of the Corporation, or of any affiliate or subsidiary of the Corporation, to whom options are to be granted and the number of Common Shares to be optioned to each such officer director, employee or service provider; and
 - (b) determine the vesting period, which for greater certainty shall mean the time or times when, and the manner in which, each option shall be exercisable and the duration of the exercise period.
- (3) **Other Options and Purchase Plans.** An officer, director, employee or service provider who has been granted an option may, if the person is otherwise eligible, be granted an additional option under this Plan or any other option or purchase plans of the Corporation if the Board shall so determine.
- (4) **Interpretation: Rules and Regulations.** The Board may interpret the Plan, prescribe and amend and rescind any rules and regulations necessary or appropriate for the administration of the Plan, and make such other determinations and take such other actions as it deems necessary or advisable. Without limiting the generality of the foregoing, the Board may, in its discretion, treat any portion of any period during which an optionee is on an approved leave of absence from the Corporation, or an affiliate or subsidiary of the Corporation, as a period of employment of such optionee by the Corporation, or such affiliate or subsidiary, as the case may be, for the purpose of accrual of the optionee's rights under the optionee's option. Any interpretation, determination or other action made or taken by the Board shall be final, binding and conclusive.

D. Terms and Conditions

Each option granted under the Plan shall be evidenced by an agreement, in a form approved by the Board, which shall be subject to the following express terms and conditions as the Board may deem appropriate:

- (1) **Option Period.**
 - (a) Each option agreement shall specify the period for which the option thereunder is exercisable (which in no event shall exceed 10 years from the date of the grant) and shall provide that the option shall expire at the end of such period (the “**Expiry Date**”).
 - (b) If the Expiry Date of any vested option falls on, or within nine (9) trading days, immediately following, the date upon which the optionee is prohibited from exercising such option due to a black out period or other trading restriction imposed by the Corporation (“**Black Out Period**”), then the Expiry Date of such option shall be automatically extended to the tenth (10th) trading day following the date the relevant Black Out Period is lifted, terminated or removed.
- (2) **Option Price.** The option price per Common Share shall be determined by the Board at the time any option is granted but in no event shall such price be lower than the Market Price, (as hereinafter defined) at the time of the grant.

“**Market Price**” means:

- (a) at any time during which the Common Shares are listed and posted for the trading on the Toronto Stock Exchange (the “**TSX**”), the closing sale price of the Common Shares on the TSX on the business day immediately prior to the day on which the Market Price is to be determined, or if there is no sale of board lots of Common Shares on such day, then the average of the bid and asked prices on the TSX for the business day immediately prior to the day on which the Market Price is to be determined, or if there are no bid and asked price on the TSX on such day, then the five-day weighted average of the closing prices for board lots of Common Shares on the TSX based on the five business days immediately prior to the day on which the Market Price is to be determined;
 - (b) at any time during which the Common Shares are not listed and posted for trading on the TSX, but are quoted on any other stock exchange, the closing sale price for board lots of Common Shares on such exchange on the business day immediately prior to the day on which the Market Price is to be determined, or if there is no sale of board lots of Common Shares on such day, the average of the bid and asked prices on such exchange on such day, then the five-day weighted average for board lots of Common Shares on such exchange based on the five business days immediately prior to the day on which the Market Price is to be determined; and
 - (c) at any other time, the fair market value of the Common Shares, as determined by the Board, with due regard being had to any over-the-counter sale prices, asked and bid prices, volume quotations, value of assets and liabilities of the Corporation, and income and prospects of the Corporation, as the Board shall in its sole discretion determine to be relevant.
- (3) **Exercise of Option.** Subject to the provisions of Paragraph H below, no part of any option may be exercised until the optionee shall have remained in the employ or as an officer or director of or provided services to the Corporation, or of an affiliate or subsidiary of the

Corporation, for such period after the date on which the option is granted as the board may specify in the option agreement, provided that such period shall in any event be no less than three months.

- (4) **Payment of Purchase Price Upon Exercise.** The purchase price of the shares for which an option shall be exercised shall be paid in cash, cheque or bank transfer to the Corporation at the time of exercise.
- (5) **Exercise in the Event of Death or Termination of Employment.**
- (a) If an optionee shall die (i) while an employee, officer or director of or providing services to the Corporation, or any affiliate or subsidiary of the Corporation, or (ii) within 30 days after the termination of the optionee's employment, office, directorship with or service to the Corporation, or any affiliate or subsidiary of the Corporation, in accordance with clause (b) or (c) below, the optionee's option may be exercised, to the extent that the optionee shall have been entitled to do at the date of death, by the person or persons to whom the optionee's rights under the option pass by will or applicable law, or if no such person has a right, by the optionee's executors or administrators at any time, or from time to time, within 12 months from the date of death, but in no event later than the expiration date specified in accordance with Paragraph D(1) above.
- (b) If an optionee's (or, if the optionee is a personal holding company controlled by, or registered retirement savings plan established by, an officer, director, employee or service provider, then if such person's) employment, office or directorship with or service to the Corporation, or an affiliate or subsidiary of the Corporation, shall terminate because of the optionee's disability, the optionee may exercise the optionee's option, to the extent the optionee may be entitled to at the date of termination of the optionee's employment, office, directorship or services, at any time, or from time to time, within 6 months of the date of termination of the optionee's employment, office, directorship or services, but in no event later than the expiration date specified in accordance with Paragraph D(1) above.
- (c) Other than non-executive directors, if the optionee's (or, if the optionee is a personal holding company controlled by, or registered retirement savings plan established by, an officer, director, employee or service provider, then if such person's) employment, office or directorship with or service to the Corporation, or an affiliate or subsidiary of the Corporation, shall terminate for any other reason than the optionee's death or permanent disability, the optionee may exercise the optionee's option, to the extent the optionee may be entitled to at the date of termination of the optionee's employment, office, directorship or services, at any time, or from time to time, within 90 days of the date of termination of the optionee's employment, office, directorship or services, but in no event later than the expiration date specified in accordance with Paragraph D(1) above.
- (d) If a non-executive director optionee's directorship with the Corporation shall terminate for any other reason than the optionee's death or permanent disability, the optionee may exercise the optionee's option, to the extent the optionee may be entitled to at the date of termination of directorship, but in no event later than the expiration date specified in accordance with Paragraph D(1) above.
- (e) In the event of termination in (a), (b) or (c) above, the Board shall have the discretion, in appropriate circumstances, to extend the period for exercise of the

optionee's option but in no event later than the expiration of the date specified in accordance with Paragraph D(1) above.

- (6) **Non-transferability.** No option under the Plan shall be transferable or assignable other than by will or by the laws of descent and distribution. During the lifetime of the optionee, an option shall be exercisable only by such optionee.
- (7) **Investment Representation, Listing and Regulation.**
- (a) No option shall be granted and no Common Shares shall be issued under the plan and until the Plan shall have been approved by the TSX, if such approval is required under the by-laws and rules of the TSX.
- (b) Each option shall be subject to the requirements that if at any time the Board shall determine, in its discretion, that the registration, qualification or other approval of or in connection with the Plan or the Common Shares covered thereby is necessary or desirable under any provincial or federal law, then such option may not be exercised, in whole or in part, unless and until such registration, qualification or approval shall have been obtained free of any condition not acceptable to the Board. The optionee shall, to the extent applicable, cooperate with the Corporation in relation thereto and shall have no claim or cause of action against the Corporation or any of its officers, directors or shareholders as the result of any failure by the Corporation to take any steps to obtain any such registration, qualification or approval.
- (c) The granting of options and the issuance of Common Shares under the Plan shall be carried out in accordance with applicable statutes and with regulations of governmental authorities and applicable stock exchanges.
- (8) **Adjustments in Event of Change of Common Shares.** Subject to any required approvals of applicable regulatory authorities and stock exchanges, in the event of any change in Common Shares by reason of any stock dividend, recapitalization, merger, consolidation, split-up, combination or exchange of shares, or rights offering to purchase Common Shares at a price substantially below fair market value, or of any similar change affecting the Common Shares, the number and kind of shares which thereafter may be optioned and sold under the Plan and the number and kind of shares subject to option in outstanding option agreement and the purchase price per share thereof shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, participants in the Plan.
- (9) **Change of Control.** In this section,
- (a) **“Change of Control”** means:
- (i) the acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act* (Ontario), of Common Shares which, when added to all other Common Shares at the time held directly or indirectly by such person or persons acting jointly or in concert, constitutes for the first time in the aggregate 20% or more of the outstanding Common Shares;
- (ii) the removal, by resolution of the shareholders of the Corporation, of more than 51% of the then incumbent Board of Directors of the Corporation, or the election (or other reconstitution) of a majority of the members of the Corporation's Board of Directors who were not members of the Corporation's

incumbent board at the time immediately preceding such election (or other reconstitution);

- (iii) the consummation of a sale of all or substantially all of the assets of the Corporation; or
- (iv) the consummation of a reorganization, amalgamation, plan of arrangement, merger or other form of transaction which has substantially the same effect as any of Sections (a)(i) to (a)(iii) above;

(b) Effect of a Change of Control Transaction

- (i) Upon the announcement of any form of transaction (a “**Change of Control Transaction**”) which, if completed, would constitute a Change of Control and under which Common Shares of the Corporation are to be exchanged, acquired or otherwise disposed of, including a take-over bid, or tender offer made for all or any of the issued and outstanding Common Shares, the Corporation shall, as soon as practicable following the announcement of such Change of Control Transaction, notify each Optionee currently holding an option of the Change of Control Transaction, and all options of the Optionee which have not vested shall be deemed to be fully vested and exercisable solely for purposes of permitting the Participant to exercise such options in order to participate in the Change of Control Transaction in respect of the Common Shares (the “**Optioned Shares**”) thereby acquired.
- (ii) Upon the completion of any other form of Change of Control not covered by Section (b)(i) above, all options of an Optionee which have not vested shall be deemed to be fully vested and exercisable.
- (iii) If:
 - (a) a Change of Control Transaction is not completed (or a Change of Control does not occur); or
 - (b) an Optionee does not cause his or her Optioned Shares to be exchanged or disposed of in a Change of Control Transaction of the nature described in Section (b)(i) above;

then the Optioned Shares shall be returned by the Optionee to the Corporation and reinstated as authorized but unissued Common Shares and the terms of the Option set forth in the Plan shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares. Other than in circumstances contemplated in Section (b)(ii), in no event shall the Optionee be entitled to dispose of the Option Shares otherwise than pursuant to a Change of Control Transaction.

- (10) **Liquidation.** In the event the Board shall adopt a plan of complete liquidation, all options shall become immediately exercisable in full, notwithstanding that they may have been initially granted on an instalment basis.
- (11) **No Rights as Shareholder.** No optionee shall have any rights as a shareholder with respect to any Common Shares subject to the optionee’s option prior to the date of issuance to such optionee of a certificate or certificates for such shares.

- (12) **No rights to Continued Employment.** The Plan and any option granted under the Plan shall not confer upon any optionee any right with respect to continuance of employment or an officer or director with or service provider to the Corporation, or any affiliate or subsidiary of the Corporation, nor shall they interfere in any way with the right of the Corporation, or any affiliate or subsidiary of the Corporation, by which an optionee is employed, or of which the optionee is a director or service provider to terminate the optionee's employment or directorship or services at any time in accordance with applicable law.

E. Amendment and Discontinuance

Subject to applicable regulatory requirements, the Board may from time to time, and without having to obtain shareholder approval, amend, suspend or discontinue the Plan provided, including, without limitation, amendments related to:

- (1) the vesting provisions of the Plan or any option granted under the Plan;
- (2) the early termination provisions of the Plan or any option issued under it;
- (3) the addition or modification of a provision relating to financial assistance;
- (4) the addition or modification of a cashless exercise feature, payable in cash or shares, which provides for a full deduction of the number of underlying shares from the reserve;
- (5) the suspension or termination of the Plan; or
- (6) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Provided, however, that in no event shall the Board, without the prior approval of the shareholders of the Corporation, make any amendment to the Plan in respect of:

- (1) a reduction in the exercise price for options held by insiders;
- (2) any extension of the term of options held by insiders;
- (3) any amendment to remove or to exceed the insider participation limit;
- (4) an increase to the maximum number of shares of the Corporation which are reserved for issuance under the Plan (and under any other share compensation agreement of the Corporation); or
- (5) any amendments to an amending provision of the Plan.

F. Proceeds from Sales of Shares

Any cash proceeds from the sale of shares issued upon exercise of the options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

G. Term of Plan

Options may be granted only within 10 years from the date the Plan has been adopted by the Board.

H. Shareholder Approval

The Plan shall be presented to the Corporation's shareholders within 12 months of its adoption by the Board for approval by such shareholders. Options may be granted prior to such approval, but such options shall be contingent upon such approval being obtained and may not be exercised prior to such approval.

I. Pre-Existing Plan Terminated

The pre-existing stock option plan of the Corporation is terminated and options may no longer be issued thereunder.