Letter to Shareholders

Notice of the
2014 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on Tuesday, October 21, 2014

and

the MANAGEMENT INFORMATION CIRCULAR
dated September 24, 2014

IMPORTANT INFORMATION FOR SHAREHOLDERS

Critical Outcome Technologies Inc.

September 24, 2014

Dear Shareholder:

On behalf of the management team and the Board of Directors, we would like to invite you to attend this year's Annual General and Special Meeting of Shareholders (the "Meeting") of Critical Outcome Technologies Inc., which will be held on Tuesday October 21, 2014 at 9:30 a.m. Eastern time at the Windermere Manor Hotel and Conference Centre, North Meeting Room, 200 Collip Circle, London, Ontario.

Enclosed are the Notice of the Meeting, the Management Information Circular and a Proxy or Voting Instruction form. Agenda items for the Meeting are detailed in the Notice of this our Eighth Annual General and Special Meeting of Shareholders.

We encourage you to exercise your right to vote and would appreciate you returning the signed Proxy or Voting Instruction form to ensure that your vote is counted.

We thank you for your continued support as an investor and are pleased to share our accomplishments of 2014 with you at the Meeting as we move forward with the exciting initiatives for the coming year. We hope that we will have an opportunity to welcome you at the Meeting.

Sincerely,

Mr. John C. Drake
Chairman of the Board

Dr. Wayne R. Danter
President & Chief Executive Officer

Notes

Critical Outcome Technologies Inc.

CRITICAL OUTCOME TECHNOLOGIES INC.

Registered Office – London, Ontario

NOTICE OF THE 2014 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 2014 Annual General and Special Meeting of Shareholders of Critical Outcome Technologies Inc. (the "Company" or "COTI") will be held in London, Ontario on Tuesday, October 21, 2014 at 9:30 a.m. Eastern time for the following purposes:

(1) to receive the financial statements for the year ended April 30, 2014 and the report of the auditor thereon;

(2) to appoint the auditor for the ensuing year and to authorize the directors of the Company to fix their remuneration;

(3) to fix the number of members of the Board of Directors ("Board") to be elected at the Meeting at five (5) and thereafter empower the directors of the Company to determine from time to time the number of directors of the Company within the minimum and maximum numbers provided for in the Articles of the Company*;*

(4) to elect directors of the Company for the ensuing year;

(5) to consider and, if deemed advisable, to ratify and approve a Shareholder Rights Plan;

(6) to consider and, if deemed advisable, to ratify and approve By-law No. 1A of the Company implementing the Advance Notice Requirements regarding the election of directors;

(7) to consider and, if deemed advisable, pass a special resolution authorizing the Board to consolidate the common shares of the Company on the basis of one (1) post-consolidation common share for up to ten (10) pre-consolidation common shares and amend the Company's Articles accordingly;

(8) to consider and, if deemed advisable, to pass an ordinary resolution approving amendments to the Company's Stock Option Plan;

(9) to consider and, if deemed advisable, to pass an ordinary resolution approving the continuation of the Company's Stock Option Plan as a rolling stock option plan; and

(10) to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

Particulars of the matters referred to above are set forth in the accompanying Management Information Circular.

By Order of the Board of Directors

London, Ontario
September 24, 2014

Dr. Wayne R. Danter
President & Chief Executive Officer

HOLDERS OF COMMON SHARES WHO DO NOT EXPECT TO BE PRESENT AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND TO RETURN IT TO COMPUTERSHARE INVESTOR SERVICES INC. IN THE POSTAGE PAID ENVELOPE ENCLOSED FOR THAT PURPOSE. IN ORDER TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OR AT ANY ADJOURNMENT THEREOF, THE COMPLETED FORM OF PROXY MUST BE RECEIVED BY COMPUTERSHARE INVESTOR SERVICES INC., 9TH FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, M5J 2Y1, ATTENTION: PROXY DEPARTMENT, NOT LATER THAN 9:30 A.M. EASTERN TIME ON FRIDAY, OCTOBER 17, 2014. YOU MAY ALSO VOTE YOUR SHARES USING THE TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS AS OUTLINED IN THE FORM OF PROXY.

Critical Outcome Technologies Inc.

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CRITICAL OUTCOME TECHNOLOGIES INC.
(herein referred to as "COTI" or the "Company")
Management Information Circular
dated September 24, 2014
For the Annual General and Special Meeting of
Shareholders to be held on Tuesday, October 21, 2014

A. VOTING INFORMATION AND PROXIES

1. Solicitation of Proxies

This Management Information Circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of management for use at the 2014 Annual General and Special Meeting of Shareholders (the "Meeting") to be held at the Windermere Manor Hotel and Conference Centre, North Meeting Room, 200 Collip Circle, London, Ontario, N6G 4X8 on Tuesday, October 21, 2014 at 9:30 a.m. Eastern time and any adjournment thereof for the purposes set forth in the accompanying Notice of the 2014 Annual General and Special Meeting of Shareholders. The directors have fixed Tuesday, September 16, 2014 as the record date for determining shareholders entitled to receive notice of the Meeting.

2. Who is soliciting my proxy?

This solicitation is made on behalf of management. The Company will bear the costs incurred in the preparation and mailing of the Form of Proxy, Notice of Annual General and Special Meeting of Shareholders and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers, and employees who will not be remunerated for this activity.

3. Who can vote?

If you are a shareholder of record at the close of business on September 16, 2014, you are entitled to vote the common shares of the Company ("Common Shares") registered in your name on that date, except to the extent that you have transferred the ownership of any of your Common Shares after September 16, 2014 and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own such Common Shares and demands, not later than 10 days before the Meeting, that their name be included on the list of shareholders entitled to receive notice of the Meeting, in which event the transferee shall be entitled to vote such Common Shares at the Meeting.

4. How do I vote?

a) <u>Registered Shareholders</u>

If you are a registered shareholder you may vote in person at the Meeting. Alternatively, you may sign the enclosed form of proxy appointing the named persons, who are officers of the Company, or some other person you choose, who need not be a shareholder, to represent you as proxyholder at the Meeting and vote your shares. To exercise this right you should insert the name of the desired representative in the blank space provided in the form of proxy and strike out the other names or submit another appropriate proxy. The alternative document appointing a proxy must be executed and authorized by you or your attorney in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. In order to be effective, the proxy must be

deposited with our Corporate Secretary in care of Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 9:30 a.m. Eastern time on Friday, October 17, 2014.

b) Non-registered Shareholders

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear in our records as registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your brokerage account statement, then in almost all cases those Common Shares will not be registered in your name in our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. Common Shares held by your broker or their agent can only be voted upon your instructions. Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Without specific instructions, your broker or their agent is prohibited from voting your shares.

Every broker has its own mailing procedures and provides its own voting instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. Often the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from their clients to Broadridge Financial Solutions, Inc. ("Broadridge") or another intermediary. If you receive a voting instruction form from Broadridge, or another intermediary, it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned as described in the voting instruction form well in advance of the Meeting in order to have the shares voted.

5. How will my proxyholder vote?

On the form of proxy, you may indicate either how you want your proxyholder to vote your Common Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your shares to be voted on a particular issue (by marking FOR or AGAINST, or, FOR or WITHHOLD, as applicable), then your proxy must vote your Common Shares accordingly. If you have not specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder will vote in favour of the matters to be acted upon as set out in Section C: Business to be Transacted at the Meeting.

6. As a non-registered shareholder, how do I vote in person at the Meeting?

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or broker's agent), you may attend the Meeting as a proxyholder for the registered shareholder and vote Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Common Shares as proxyholder for the registered shareholder, you should enter your own name in the blank space on the form of proxy provided to you and return the same to your broker (or broker's agent) in accordance with the instructions provided by your broker (or broker's agent), well in advance of the Meeting.

7. Can I revoke my proxy?

Yes, you may revoke your proxy at any time prior to a vote. If you or the person to whom you give your proxy attends personally at the Meeting, you or such person may revoke the proxy and you may vote in

person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of your company. To be effective, the instrument in writing must be deposited at our registered office, Suite 213, 700 Collip Circle, London, Ontario, N6G 4X8 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

8. What will I be voting on?

Shareholders are voting on the appointment of KPMG LLP as the external auditor of the Company, the number of directors of the Company, the election of the directors of the Company, , ratification of a shareholder rights plan, ratification of an amendment to the by-laws of the Company to provide for advance notice of nominations of directors, a special resolution to amend the articles of incorporation of the Company to provide for a stock consolidation, amendments to the Stock Option Plan and the continuation of the Stock Option Plan as a rolling plan. For detailed information on each of the above listed items, please refer to Section C: Business to Be Transacted at the Meeting.

9. How will these matters be decided?

A simple majority of the votes cast by proxy or in person will constitute approval of each of the matters specified in Section C: Business to Be Transacted at the Meeting.

10. What if amendments are made to these matters or if other matters are brought before the Meeting?

The person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of the 2014 Annual General and Special Meeting of Shareholders and with respect to other matters that may properly come before the Meeting. At the time of printing this Information Circular, management of COTI knows of no such amendment, variation, or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the person named in the form of proxy will vote on them in accordance with their best judgment.

11. Who counts the votes?

Proxies are counted by a representative of McKenzie Lake Lawyers LLP who has been appointed scrutineer for the Meeting. McKenzie Lake Lawyers LLP is the corporate counsel to the Company.

12. How many votes do I have?

As a holder of Common Shares, you are entitled to one vote on a ballot at the Meeting for each Common Share you own.

B. VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value, which may be issued for such consideration as may be determined by resolution of the Board. As at September 24, 2014 there were 103,712,373 Common Shares issued and outstanding. The Company is also authorized to issue an unlimited number of preferred shares, issuable in series. Each series is

issuable upon the terms and conditions as set by the Board at the time of creation, subject to class priorities. As at September 24, 2014, there were no preferred shares issued and outstanding.

A quorum for the transaction of business at the Meeting is at least two persons present, holding or representing not less than 5% of the Common Shares entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of September 24, 2014, no person beneficially owns, directly or indirectly or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares of the Company.

C. BUSINESS TO BE TRANSACTED AT THE MEETING

1. Financial Statements

The audited financial statements for the years ended April 30, 2014 and 2013 were filed on SEDAR on Thursday, July 24, 2014 and can be found at www.sedar.com. They may also be found on the Company's website at www.criticaloutcome.com. Copies of the audited financial statements together with the Management Discussion and Analysis of these statements were sent in August 2014 to those investors who opted to receive them as advised to Computershare Investor Services Inc. as share registrar or as advised directly to the Company. The audited financial statements will be presented to the shareholders at the Meeting and no vote is required respecting these financial statements.

2. Number of Directors

According to the Articles of the Company, COTI may have between three and twelve directors. Management intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board at five (5) members and thereafter empowering the Board to determine from time to time the number of directors of the Company within the minimum and maximum numbers.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution fixing the number of directors of the Company within the minimum and maximum numbers of directors provided for in the Articles of the Company at five (5) and thereafter empower the Board to determine from time to time the number of directors of the Company within the minimum and maximum numbers provided for in the Articles of the Company.

3. Election of Directors

Proxies solicited will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the by-laws of the Company and applicable corporate law, hold office until the next Annual General and Special Meeting of Shareholders or until his successor is duly elected or appointed, unless his office is vacated in accordance with the by-laws. The nominees for election as directors of the Company are:

Douglas S. Alexander	Wayne R. Danter	John C. Drake
Bruno Maruzzo	David Sanderson	

All of the persons named above are currently members of the Board. The term of office of each of the current directors will expire at the close of the Meeting, or any adjournment thereof. Management of the Company does not contemplate that any of the persons named above will, for any reason, become

unable or unwilling to serve as a director. However, if that should occur prior to the election, the nominee designated in the accompanying form of proxy reserves the right to vote for the election of such other person as such nominee in their discretion determines.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised is set forth in the biographies below as at September 24, 2014 and, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the election of the following persons as directors of the Company: Douglas S. Alexander, Wayne R. Danter, John C. Drake, Bruno Maruzzo, and David Sanderson.

The only standing committee of the Board is the Audit Committee. The functions of a Compensation Committee and a Governance and Nominating Committee were fulfilled by the Board since the Meeting held on December 5, 2013.

Directors who are members of the Audit Committee are identified in the following biographies.

<table>
<tr><td rowspan="8">John C. Drake
LLB

London, Ontario, Canada

President of Drake Goodwin Corp.

Director Since: February 20, 2007

Independent Director</td><td colspan="4">Mr. Drake is the President (since April 1985) and Founding Partner of Drake Goodwin Corporation, a London, Ontario private investment firm with diverse interests. Mr. Drake is also a partner in Cassandra Capital L.P., a private venture capital firm specializing in early stage technology investments. During his business career, he has served on the Board of many public and private companies. Until July 2013, he was Vice Chairman of Children's Choice Learning Centers, a private company and a leading provider of corporate childcare in the United States. He is also co-owner of Redtail Golf Course, an exclusive private golf course located outside of Port Stanley, Ontario. Mr. Drake has provided extensive support to community events and was appointed an Honorary Colonel of the 1st Hussars of the Royal Canadian Armoured Corps in 1999. Mr. Drake obtained his BA and LLB degrees from Western University and was a member of the Law Society of Upper Canada from 1973-2012.</td></tr>
<tr><td colspan="4">Other Public Company Directorships in the Past Five Years</td></tr>
<tr><td colspan="4">• 2009 to present, iLOOKABOUT Corp., a TSXV-listed company.
• 2011 to present, Lexam VG Gold Inc., a company listed on the TSX, FWB and OTCQX</td></tr>
<tr><td colspan="2">Board/Committee Membership</td><td colspan="2">Meeting Attendance</td></tr>
<tr><td colspan="2">Board (Chair)</td><td>14 of 16</td><td>87.5%</td></tr>
<tr><td colspan="2">Governance</td><td>1 of 1</td><td>100%</td></tr>
<tr><td colspan="2">Combined Total</td><td>15 of 17</td><td>88%</td></tr>
<tr><td colspan="4">Equity Ownership [1]</td></tr>
<tr><td>Common Shares</td><td>Stock Options</td><td>Warrants</td><td>% Ownership [2]</td></tr>
<tr><td>9,364,634</td><td>878,909</td><td>3,531,178</td><td>9.03%</td></tr>
</table>

<table>
<tr><td rowspan="11">Wayne R. Danter
MD, FRCPC

London, Ontario, Canada

President, Chief Executive Officer, and Chief Scientific Officer

Director Since: October 13, 2006

Non-independent Director</td><td colspan="4">Dr. Danter is one of the founders of COTI and the inventor of the Company’s platform drug discovery process, CHEMSAS®. He trained at Western University (“Western”) in Internal Medicine and Clinical Pharmacology. Dr. Danter is responsible for the discovery and profiling of the Company's small molecule portfolios, collaboration projects with pharmaceutical partners, and continued development of CHEMSAS®. He also plays a significant role in developing new business applications of COTI's proprietary technology. Prior to full time employment with COTI in 2005, Dr. Danter was an Associate Professor of Medicine at Western and maintained a medical practice.</td></tr>
<tr><td colspan="4">Other Public Company Directorships in the Past Five Years</td></tr>
<tr><td colspan="4">None</td></tr>
<tr><td colspan="2">Board/Committee Membership</td><td colspan="2">Meeting Attendance</td></tr>
<tr><td colspan="2">Audit</td><td>6 of 6</td><td>100%</td></tr>
<tr><td colspan="2">Board</td><td>14 of 16</td><td>87.5%</td></tr>
<tr><td colspan="2">Governance</td><td>1 of 1</td><td>100%</td></tr>
<tr><td colspan="2">Combined Total</td><td>21 of 23</td><td>91%</td></tr>
<tr><td colspan="4">Equity Ownership [1]</td></tr>
<tr><td>Common Shares</td><td>Stock Options</td><td>Warrants</td><td>% Ownership [2]</td></tr>
<tr><td>6,365,162</td><td>778,081</td><td>175,028</td><td>6.14%</td></tr>
</table>

<table>
<tr><td rowspan="12">Bruno Maruzzo
MASc, MBA

Toronto, Ontario, Canada

President of TechnoVenture Inc.

Director Since: October 13, 2006

Independent Director</td><td colspan="4">Mr. Maruzzo has worked with a variety of public and private technology companies in the computer and life science sectors, where he has held positions in a range of areas including business development, corporate development, investor relations, engineering and general management. He also worked in the venture capital field sourcing, assessing, and making investments in early-stage, technology-based companies in Canada and the U.S. He holds Masters Degrees in Biomedical Engineering and Business Administration from the University of Toronto.</td></tr>
<tr><td colspan="4">Other Public Company Directorships in the past five years</td></tr>
<tr><td colspan="4">• 2003 to present, Pinetree Capital, a TSX-listed company.
• 2007 to present, Hamilton Thorne Limited (formerly Calotto Capital), a TSXV-listed company.
• 2008 to present, Strike Graphite Corp (formerly Minati Capital), a TSXV-listed company.
• 2008 to present, Sintana Energy (formerly Drift Lake Resources), a TSXV-listed company.
• March 2010 to August 2014, Diagnos Inc., a TSXV-listed company.
• November 2012 to present, Aim Explorations, a TSXV-listed company.</td></tr>
<tr><td colspan="2">Board/Committee Membership</td><td colspan="2">Meeting Attendance</td></tr>
<tr><td colspan="2">Audit</td><td>6 of 6</td><td>100%</td></tr>
<tr><td colspan="2">Board</td><td>16 of 16</td><td>100%</td></tr>
<tr><td colspan="2">Combined Total</td><td>22 of 22</td><td>100%</td></tr>
<tr><td colspan="4">Equity Ownership [1]</td></tr>
<tr><td>Common Shares</td><td>Stock Options</td><td>Warrants</td><td>% Ownership [2]</td></tr>
<tr><td>133,300</td><td>640,933</td><td>103,300</td><td>0.13%</td></tr>
</table>

Douglas S. Alexander CPA, CA London, Ontario, Canada Professional Corporate Director Director Since: September 18, 2008 Independent Director	Prior to his current role as a Professional Corporate Director, Mr. Alexander served as Chief Financial Officer of various Canadian public companies for 15 years, the most recent being from 1999 to 2004 as Executive Vice President and Chief Financial Officer of Trojan Technologies Inc., an international environmental technology company. Mr. Alexander is a Chartered Accountant and a Chartered Director, having graduated in 2009 from the Director's College, a joint venture between McMaster University and the Conference Board of Canada.

Other Public Company Directorships in the Past Five Years

- 2005 to present, Hydrogenics Corporation, a NASDAQ and TSX listed company – Chairman of the Board since March 2009.
- 2010 to June 2012, Biorem Inc., a TSXV-listed company.

Board/Committee Membership	Meeting Attendance	
Audit (Chair)	6 of 6	100%
Board	15 of 16	94%
Combined Total	21 of 22	95%

Equity Ownership (1)

Common Shares	Stock Options	Warrants	% Ownership (2)
128,300	693,665	113,300	0.12%

David Sanderson LLB London, Ontario, Canada President and CEO, KFL Investment Management Inc. Director Since: December 5, 2013 Independent Director	Mr. Sanderson is the President, CEO and a co-founder, of KFL Investment Management Inc. ("KFL"), an algorithmic hedge fund and proprietary trading firm based in Waterloo and London, Ontario. He is also an active private investor and co-founded Entertech Systems Inc. and Actual ID, companies that make biometric access, control and time and attendance technology and software. Mr. Sanderson is also a General Partner in a small venture fund that has investments in the medical device and security equipment industries. Prior to his role at KFL, Mr. Sanderson spent 15 years in the financial services industry with his most recent role as a Managing Director at BMO Nesbitt Burns where he managed one of the largest retail brokerage offices in Canada. Prior to this position, he worked in retail brokerage at TD Waterhouse and in distribution at AIM Trimark Investments. Mr. Sanderson has a business degree from The Richard Ivey School of Business at Western University and a law degree from Queen's University. He was called to the Ontario Bar in 1992 and practiced at Stikeman, Elliott in Toronto, Ontario for seven years as a corporate, commercial, and insolvency litigator. Mr. Sanderson has also been active in the community having served on the Board of Directors of London Health Sciences Centre from 2009-2012 and the Fowler Kennedy Sports Injury Clinic from 2009-2012.

Other Public Company Directorships in the Past Five Years

None

Board/Committee Membership	Meeting Attendance	
Audit (3)	3 of 3	100%
Board (3)	11 of 11	100%
Combined Total (3)	14 of 14	100%

Equity Ownership (1)

Common Shares	Stock Options	Warrants	% Ownership (2)
679,999	145,985	679,999	0.66%

Notes:

(1) Number of common shares, stock options, and warrants beneficially owned, directly or indirectly, or controlled or directed.

(2) % ownership calculated as common shares divided by total common shares outstanding at the date of record of September 16, 2014.

(3) Mr. Sanderson was appointed to the Board on December 5, 2013 and accordingly was not eligible to attend any Board or Audit Committee meetings until after this date.

To the knowledge of the Company, no proposed director is, or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager, or trustee appointed to hold its assets.

To the knowledge of the Company, no proposed director has been, within the last ten years, a director or executive officer of any company that was subject to an order that was issued while the proposed director was acting in that capacity or an order that was issued after the proposed director ceased to be a director or executive officer which resulted from an event that occurred when that person was acting in that capacity.

4. Appointment of Auditor

Management and the Board propose that KPMG LLP be reappointed as auditor of the Company to hold office until the close of the next Annual General and Special Meeting of Shareholders. KPMG LLP has been the auditor of the Company since the Company became a public company in October 2006.

Management proposes that the shareholders authorize the directors to fix the remuneration of the auditor in accordance with prior year's practice. Such remuneration has been based upon the complexity of the matters dealt with and time spent in providing services to the Company. Management feels that the remuneration negotiated in the past with the auditor of the Company has been reasonable under the circumstances and would be comparable to fees charged by other auditors providing similar services.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the appointment of KPMG LLP as auditor of the Company and authorize the directors to fix their remuneration.

5. Resolution relating to Shareholder Rights Plan

At the Meeting, the shareholders will be asked to consider and, if deemed appropriate, to pass an ordinary resolution, in the form reproduced below, confirming the ratification and approval of the shareholder rights plan agreement between the Company and Computershare Investor Services Inc., as rights agent, dated as of September 25, 2014 (the "Rights Plan").

A summary of the key features of the Rights Plan is found below. The summary is qualified by the complete text of the Rights Plan, a copy of which may be obtained without charge by writing to the Company to the attention of the Secretary of the Company at Suite 213, 700 Collip Circle, London, Ontario, N6G 4X8 or from the Company's public disclosure documents found on SEDAR at www.sedar.com.

Summary of the Rights Plan

The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any transaction involving a change of control of the Company. The institution of such a plan addresses the Company's concerns that existing Canadian legislation does not allow sufficient time, if a take-over bid is made, for either the Board or the shareholders to properly consider a take-over bid, or for the Board to seek alternatives to such a bid.

The Rights Plan will provide the Board and the shareholders more time to fully consider any unsolicited take-over bid for the Company. It will also allow more time for the Board to pursue, if appropriate, other alternatives to maximize shareholder value.

The Rights Plan discourages discriminatory, coercive, or unfair take-overs of the Company and gives the Board time, if the Board determines in the circumstances that it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding Common Shares of the Company.

Shareholder approval of the Rights Plan is not required by law but the TSX Venture Exchange (the "TSXV") requires that the Rights Plan be approved by a majority of votes cast at a duly called meeting. The Rights Plan has been conditionally accepted by the TSXV subject to obtaining such approval. If the Rights Plan is not confirmed by shareholders, the Rights Plan and all outstanding Rights will terminate and be void and of no further force and effect as of that date.

The following is a summary of the key terms of the Rights Plan. Capitalized terms used in this summary without definition have the meanings attributed to them in the Rights Plan unless otherwise indicated.

Issue of Rights

Pursuant to the terms of the Rights Plan, the Company shall issue, effective at the close of business (Toronto time) on the Effective Date, one right (a "Right") in respect of each Common Share of the Company outstanding as at the Record Time. One Right will also be issued for each additional Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time. The Company will also issue Rights Certificates to holders of Rights pursuant to the terms and conditions of the Rights Plan. The Rights will initially trade together with the Common Shares and are represented by the certificates representing such Common Shares (including certificates that are issued and outstanding at the Record Time). Until such time as the Rights separate from the Common Shares and become exercisable, certificates representing the Rights will not be distributed to shareholders of the Company.

Permitted Bid and Permitted Competing Bid

The requirements of a Permitted Bid include a Take-over Bid that is made by an Offeror by means of a take-over bid circular and which also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Voting Shares, other than the Offeror;

(ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on the date which is not less than 60 days following the date of the Take-over Bid and only if at such date more than 50%

of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in paragraph (ii), above, and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and,

(iv) the Take-over Bid contains an irrevocable and unqualified provision that, in the event that the deposit condition set forth in paragraph (ii), above, is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 Business Days from the date of such public announcement;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Permitted Bid and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

The Rights Plan allows for a competing Permitted Bid (a Competing Permitted Bid) that:

(i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;

(ii) satisfies all of the requirements of a Permitted Bid, other than the requirement set out in paragraph (ii) of the description of Permitted Bid, above; and

(iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:

(A) no Voting Shares shall be taken up or paid for pursuant to such Take-over Bid prior to the Close of Business on a date that is not earlier than the later of: (i) 35 days (or such other minimum period of days as may be prescribed by the Securities Act) after the announcement of such Competing Permitted Bid; and (ii) the 60th day after the date on which the earliest Permitted Bid which preceded the Competing Permitted Bid was made and then only if at that date more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to such Take-over Bid and not withdrawn; and

(B) in the event that the requirement set forth in paragraph (iii)(A), above, is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 Business Days from the date of such public announcement;

provided always that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

Flip-In Event and Exercise Price

If an Acquiring Person acquires (other than pursuant to an exemption available under the Rights Plan, one of which is a Permitted Bid) beneficial ownership of 20% or more of the Common Shares of the Company (a "Flip-in Event"), including Common Shares held by persons related to or acting jointly or in concert with such Acquiring Person, the Rights (other than those held by such Acquiring Person and any persons related to or acting jointly or in concert with such Acquiring Person which become void under the terms of the Rights Plan) will separate from the Common Shares and permit the holder thereof to purchase Common Shares of the Company at a 50% discount to the then prevailing market price of such shares. The Rights are not exercisable until the Separation Time.

In the event that, prior to the Expiration Time, a Flip-in Event which has not been waived by the Board occurs, each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person, an Affiliate or Associate of an Acquiring Person or a Joint Actor (or a transferee of any such Person), which Rights will become null and void) shall constitute the right to purchase from the Company, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Common Shares having an aggregate Market Price on the date of the Flip-in Event equal to twice the Exercise Price (such Right being subject to anti-dilution adjustments).

Resolution

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution in the form set out below (the "Rights Plan Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, confirming the adoption of the Rights Plan. The Board recommends that shareholders vote FOR the Rights Plan Resolution.

The text of the Rights Plan Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED THAT:

1. The Rights Plan, as set forth in the Shareholder Rights Plan Agreement dated September 25, 2014 between the Company and Computershare Investor Services Inc., be, and it is hereby, confirmed, ratified and approved.

2. Any one director or officer of the Company be and is hereby authorized and directed on behalf of the board of directors to do and perform all such acts, deeds and things and to execute, under the seal of the Company or otherwise, and deliver and to file or cause to be executed, delivered or filed in the name and on behalf of the Company or otherwise, all such documents, deeds or other writings, which they in their discretion shall deem necessary, desirable or proper in order to give effect to the true intent of the foregoing resolutions."

The Board recommends that the shareholders vote in favour of the Rights Plan Resolution.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution approving, ratifying and confirming the Rights Plan of the Company.

6. Resolution Relating to By-law No. 1A – Advance Notice Requirements

On August 26, 2014, the Board approved the adoption of By-law No. 1A of the Company to, among other things, fix a deadline by which shareholders must notify the Company of nominations of persons for election to the Board and stipulate that the same information about the proposed nominee, as one would have to include in a dissident proxy circular under applicable securities laws, must be provided to the Company by the deadline (the "Advance Notice Requirements").

More specifically, the Advance Notice Requirements require shareholders to notify the Company of nominations 30 to 65 days in advance of an annual meeting, except that, where the meeting is to be held less than 40 days after the Company announces the meeting date, shareholders have until 10 days after the announcement to submit a notification. In the case of special meetings where annual business is not conducted, shareholders have until 15 days following the announcement of the meeting to submit nominations.

The Advance Notice Requirements do not affect nominations made pursuant to shareholder proposals or the requisition of a meeting of shareholders, in each case made in accordance with the provisions of the *Business Corporations Act* (Ontario).

Although By-law No. 1A went into effect on August 26, 2014, shareholders must confirm By-law No. 1A at the Meeting. If shareholders do not approve the ordinary resolution, By-law No. 1A will no longer be valid.

The purpose of the Advance Notice Requirements is to ensure that an orderly nomination process is observed and that shareholders can make a well-informed voting decision about director nominees. The full text of By-law No. 1A is set forth as Schedule "C" to this Circular.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution in the form set out below (the "Advance Notice Requirements Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, confirming the adoption of the Advance Notice Requirements. The Board recommends that shareholders vote FOR the Advance Notice Requirements Resolution.

The text of the Advance Notice Requirements Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED THAT By-law No. 1A of the Company, as approved by the Board on August 26, 2014 and as set forth in the management information circular of the Company dated September 24, 2014, be and is hereby confirmed, ratified and approved without amendment and any director or officer of the Company be and is hereby authorized and directed to execute and deliver for and in name of and on behalf of the Company all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person's opinion may be necessary or desirable for the purpose of giving effect to this resolution."

In order for the Advance Notice Requirements Resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

In the absence of a contrary instruction, the persons named on the enclosed form of proxy intend to vote FOR the resolution approving, ratifying and confirming By-law No. 1A and the Advance Notice Requirements of the Company.

7. Share Consolidation

The Board proposes to reduce the number of Common Shares of the Company in order to increase its flexibility with respect to potential business transactions, including any equity financings, if determined by the Company to be necessary. At the Meeting, the shareholders will be asked to consider and, if deemed advisable, pass a special resolution (the "Share Consolidation Resolution"') authorizing a share consolidation of the Company's Common Shares on the basis of the range of one (1) post-consolidation Common Share for up to ten (10) pre-consolidation Common Shares (the "Consolidation"). Notwithstanding approval of the Consolidation by shareholders, the Board may, in its sole discretion, revoke this special resolution, and abandon the Consolidation without further approval or action by or prior notice to shareholders.

Reasons for the Consolidation

The Board believes that it is in the best interests of the Company to be in a position to reduce the number of outstanding Common Shares by way of the Share Consolidation. The potential benefits of the Share Consolidation include:

(a) *Attracting greater investor interest* – the current share structure of the Company makes it more difficult to attract the additional equity financing required to maintain the Company with certain investors. A share consolidation may have the effect of raising, on a proportionate basis, the price of the Company's shares, which could appeal to certain investors that find shares valued above certain prices to be more attractive from an investment perspective;

(b) *Listing on another stock exchange* – the qualifications for listing on certain stock exchanges includes criteria as to the quoted market price of a company's shares. The Company may determine that obtaining such a listing is in the best interests of the Company and a consolidation of the Company's shares would facilitate meeting such criteria and obtaining a listing; and,

(c) *Improving the prospects of raising additional capital at a higher price per share* – the higher anticipated price of the post-consolidation Common Shares will allow the Company to raise additional capital through the sale of additional Common Shares at a higher price per Common Share than would be possible in the absence of the Consolidation.

Prior to making any amendment to effect the consolidation of Common Shares, the Company shall first be required to obtain any and all applicable regulatory and relevant TSXV approvals. The Board believes shareholder approval of a maximum potential Consolidation ratio (rather than a single consolidation ratio) of one (1) post-consolidation Common Share for up to ten (10) pre-consolidation Common Shares provides the Board with flexibility to achieve the desired results of the Consolidation, and to ensure that the Company remains in compliance with applicable shareholder distribution requirements of the TSXV.

If the Share Consolidation Resolution is approved, the Consolidation would be implemented, if at all, only upon a determination by the Board that the Consolidation is in the best interests of the Company at that time. In connection with any determination to implement a Consolidation, the Company's Board will set the timing for such a Consolidation and select the specific ratio from within the range for a ratio set forth in the Share Consolidation Resolution. No further action on the part of shareholders would be required in order for the Board to implement the Consolidation.

Certain Risks Associated with the Consolidation

Implementation of the Consolidation is not likely to have an effect on the actual or intrinsic value of the business of the Company, the Common Shares, or on a shareholder's proportional ownership in the Company. However, there can be no assurance that the total market capitalization of the Company's Common Shares (the aggregate value of all Common Shares at the then market price) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Consolidation will be higher than the per share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation and the liquidity of the Common Shares could be adversely affected.

The Board expects that no shareholders will be eliminated as a result of the Consolidation. However, the Consolidation may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per Share to sell, than Shares in "board lots" of even multiples of 100 Common Shares.

Principal Effects of the Consolidation

As of September 24, 2014, the Company had 103,712,373 Common Shares issued and outstanding. Following the completion of the proposed Consolidation, the number of Common Shares of the Company issued and outstanding will depend on the ratio selected by the Board. The following table sets out the approximate number of Common Shares that would be outstanding as a result of the Consolidation at different suggested ratios. As outlined in the special resolution below, the final ratio of post-consolidation Common Shares that are issued in exchange for pre-consolidation Common Shares will be determined by the Board.

Proposed Consolidation Ratio [1]	**Approximate Number of Outstanding Shares (Post Consolidation)** [2]
2:1	51,856,186
3:1	34,570,791
5:1	20,742,474
10:1	10,371,237

Notes:

1. The Ratios above are for information purposes only and are not indicative of the actual ratio that may be adopted by the Board to effect the Consolidation.
2. Based on the outstanding number of Common Shares as at September 24, 2014, being 103,712,373.

If approved and implemented, the Consolidation will occur simultaneously for all of the Common Shares and the consolidation ratio will be the same for all of such Common Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from the Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any shareholder's percentage ownership in the Company, even though such ownership will be represented by a smaller number of Common Shares.

The Share Consolidation will not materially affect any shareholder's proportionate voting rights. Each Common Share outstanding after the Share Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The implementation of the Share Consolidation would not affect the total shareholders' equity of the Company or any components of shareholders' equity as reflected on the Company's financial statements except: (i) to change the number of issued and outstanding Common Shares; and (ii) to change the stated capital of the Common Shares to reflect the Consolidation.

Each warrant, right, or other security of the Company convertible into pre-consolidation Common Shares ("Pre-Consolidation Convertible Securities"') that has not been exchanged or cancelled prior to the effective date of the implementation of the Consolidation will be adjusted pursuant to the terms thereof on the same exchange ratio as described above, and each holder of Pre-Consolidation Convertible Securities will become entitled to receive post-consolidation Common Shares pursuant to such adjusted terms.

No Fractional Shares to be Issued

No fractional Common Shares of the Company will be issued upon the Consolidation. All fractions of post-Consolidation shares will be rounded to the next lowest whole number if the first decimal place is less than five and rounded to the next highest whole number if the first decimal place is five or greater.

Implementation

The implementation of the special resolution is conditional upon the Company obtaining the necessary regulatory consents. The special resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Consolidation without further approval of the Company's shareholders. In particular, the Board may determine not to present the special resolution to the Meeting or, if the special resolution is presented to the Meeting and approved, may determine after the Meeting not to proceed with completion of the proposed Consolidation and filing the articles of amendment. If the Board does not implement the Consolidation within 24 months of the Meeting, the authority granted by the special resolution to implement the Consolidation on these terms would lapse and be of no further force or effect.

Effect on Non-registered Shareholders

Non-registered shareholders holding their Common Shares through a bank, broker, or other nominee should note that such banks, brokers, or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered shareholders. If you hold your Common Shares with such a bank, broker, or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

Resolution

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, a special resolution in the form set out below (the "Share Consolidation Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, in relation to the Consolidation. The Board recommends that shareholders vote FOR the Share Consolidation Resolution.

The text of the Share Consolidation Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED THAT:

1. the Company's articles of incorporation be amended pursuant to Section 168(1)(h) of the *Business Corporations Act* (Ontario) (the "Act") to effect a consolidation of all of the issued and outstanding Common Shares of the Company (the "Common Shares") on a basis of a range of one (1) post- consolidation Common Share for up to ten (10) pre-consolidation Common Shares, which basis shall be determined by the Company's board of directors (the "Consolidation");
2. no fractional post-consolidation Common Shares will be issued and no cash be paid in lieu of fractional post-consolidation Common Shares, such that any fractional interest in Common Shares resulting from the Consolidation will be rounded down to the nearest whole Common Share;
3. the effective date of such Consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the Act or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to 24 months from the date of the Meeting;
4. any officer of director of the Company be and is hereby authorized and directed on behalf of the Company to execute or cause to be executed, and to deliver or cause to be delivered, all certificates, notices and other documents, including filing articles of amendment pursuant to the Act, and to do or cause to be done all such acts and things, as such officer or director may determine to be necessary, desirable, or useful for the purpose of giving effect to the foregoing resolutions, including, without limitation, make any changes required by the TSX Venture Exchange or applicable securities regulatory authorities with respect to the Consolidation, such determination to be conclusively evidenced by the execution and delivery of such documents, or the doing of any such act or thing; and,
5. notwithstanding the passing of this special resolution by the shareholders of the Company, the board of directors of the Company may, in its sole discretion, determine not to act upon this special resolution and not file articles of amendment giving effect to the Consolidation, without further approval of the shareholders of the Company or to revoke this resolution at any time prior to the Consolidation becoming effective."

In order to be approved, the resolution must be passed by not less than two-thirds of the votes cast collectively by the holders of the Common Shares present in person or represented by proxy at the Meeting.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the special resolution approving the Consolidation.

8. Amendments to the Company's Stock Option Plan

The Company currently maintains a stock option plan (the "Option Plan") to grant options to purchase Common Shares of the Company. The number of Common Shares, the exercise price per stock option, the vesting period and any other terms and conditions of options granted pursuant to the Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Option Plan.

The Option Plan is administered by a committee of the Board, or if no such committee is appointed, the Board itself. Participation is limited to directors, full and part-time officers, full and part-time employees, and consultants providing services to the Company.

The Plan provides an incentive to certain executives, employees, and consultants of the Company to further the development, growth, and profitability of the Company and assists the Company in retaining and attracting personnel with experience and ability. Pursuant to the Option Plan, selected executives, employees, and consultants of the Company may be granted options to acquire Common Shares.

Subject to obtaining the requisite shareholder approval and TSXV acceptance, the Board is proposing certain amendments to the Option Plan (the "Proposed Amendments"), which are detailed below:

(a) the definition of "change of control" has been expanded to include: (i) the acquisition of securities of the Company representing 20% or more of the outstanding voting securities, (ii) the occurrence of a business combination resulting from the acquisition of securities of the Company representing 20% or more of the outstanding voting securities, (iii) a capital reorganization as a result of which securities representing more than 20% of the outstanding voting securities of the Company are held by a person that held securities representing less than 20% of the voting securities immediately prior to such reorganization, (iv) the sale or transfer of all or substantially all of the assets of the Company following which securities representing more than 20% of the outstanding voting securities of the Company are held by a person that held securities representing less than 20% of the voting securities immediately prior to such transaction, and (v) individuals who constitute the Board at the beginning of any one year term cease for any reason in such year to constitute more than 50% of the Board;

(b) include a provision that in the event that the option holder ceases to be an eligible participant under the Option Plan as a result or in relation to a change of control of the Company, that the expiry date of such holders options shall be the earlier of the pre-existing expiry date and the date that is one year following the date the option holder ceases to be an eligible participant;

(c) amend a provision providing that in the event that the Company enters into an agreement which may result in a change of control, or a take-over bid is made to the shareholders of the Company, all unvested options will immediately vest and become immediately exercisable as of the date of the agreement or take-over bid;

(d) include a provision setting out procedures and conditions with respect to the withholding and remittance of taxes by the Company in accordance with applicable laws; and

(e) amend a provision providing for anti-dilution adjustments in the event of a subdivision or consolidation of outstanding Common Shares, a reclassification of outstanding the Common Shares or a capital reorganization of the Company.

Resolution

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution in the form set out below (the "Option Plan Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, in relation to the Proposed Amendments. The Board recommends that shareholders vote FOR the Option Plan Resolution.

The text of the Option Plan Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED THAT:

1. the amended stock option plan of the Company as tabled at the Meeting and the proposed amendments contained therein as substantially described in the management information circular of the Company dated September 24, 2014 is approved; and,
2. any director or officer of the Company be and is hereby authorized and directed, on behalf of the Company to execute and deliver such other documents and instruments and take such other actions as such director or officer may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such action."

In order for the Option Plan Resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

In the absence of a contrary instruction, the persons named on the enclosed form of proxy intend to vote FOR the resolution approving the Proposed Amendments to the Option Plan of the Company.

9. Resolution Relating to the Continuation of the Company's Stock Option Plan

The holders of the Common Shares will also be asked at the Meeting, or any adjournment thereof, to consider and, if deemed advisable, to pass the following resolution:

"BE IT RESOLVED THAT the continuation of the Stock Option Plan as a rolling plan (that is, the Plan provides that the number of shares available for purchase pursuant to options granted in accordance with the Plan shall not exceed 10% of the outstanding shares from time to time) be approved."

At September 24, 2014, there are 5,601,433 options granted and outstanding, and 4,769,804 available for grant under the Plan.

The Board recommends that holders of Common Shares vote in favour of this resolution.

In order to be approved, the resolution must be passed by a simple majority of the votes cast collectively by the holders of the Common Shares present in person or represented by proxy at the Meeting.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR this resolution.

D. STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

The Company has not historically had a formal compensation program or strategy related to the compensation earned by the President and Chief Executive Officer and the Chief Financial Officer, both considered "Employee NEO", and the only "executive officers" of the Company at the financial year ended April 30, 2014 (the "Named Executive Officers" or "NEO"). The Company's NEO also included an Executive Director during fiscal 2012, 2013, and 2014 until this role was terminated on December 31, 2013. Executive compensation decisions were historically recommended by management to the Compensation Committee and then referred to the Board. Effective with the Meeting of December 5, 2013 such recommendations are made directly to the Board.

The Company endorses the concept that executive compensation should meet the following objectives:

- align the interests of executive officers with the short and long term interests of shareholders;
- link executive compensation to the performance of the Company and the individual; and,
- compensate executive officers at a level and in a manner that ensures the Company is capable of attracting, motivating, retaining and inspiring individuals with exceptional skills.

The context within which the Company's executive compensation was established is relevant to understanding the lack of a historic formal compensation program:

- the Company remains in the commercial validation stage of its development having not yet achieved a material commercial transaction since becoming a reporting issuer in October 2006;
- the Company has generated minimal commercial revenue to date;
- the Company has not historically had a significant number of employees with a current complement of only 6 employees at April 30, 2014; and,
- the Company has limited resources to expend on typical compensation elements.

Compensation of the NEO to the end of fiscal 2014 was made up of the following elements: (1) base salary (2) share options (granted on a discretionary basis by the Board) and (3) participation in the Company's group benefits plan.

The Board has determined that the salary levels provided to the NEO are consistent with salaries paid to NEO in companies at a similar stage of development within the biotech industry based upon their knowledge and experience and are consistent with the job descriptions and skill sets required for these roles.

The Company does not currently have a formal compensation review program for its Employee NEO that includes option-based awards, incentive based or otherwise, and accordingly no such option-based awards were granted to them in 2014 or prior years. Options granted to NEO occurred first, because of their membership as a director on the Board as described under Director Compensation, second, on a discretionary basis as noted in the footnotes to the Summary Compensation Table – NEO, or third based upon a formal agreement with the NEO.

The Company's group benefits plan ("GBP") was established in October 2007 by a quotation process and offers health care, dental care, vision care, and life insurance benefits paid by the Company as well as short and long term disability paid by the employee. Employee NEO participate in the GBP on the same

basis as all employees in the Company. This plan is not available to the Company's directors or consultants.

The Company does not offer its NEO any perquisites or personal benefits.

Neither NEO nor directors are permitted to purchase financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation to the NEO or directors.

Details of the contractual and non-contractual arrangements with the NEO are set out below. All amounts paid, calculated, or disclosed are in Canadian dollars.

Chief Executive Officer

Dr. Wayne Danter, one of the Company's founders, has been employed with the Company as President since May 1, 2005 and as Chief Executive Officer since July 1, 2010. Effective May 1, 2012, the Company entered into a new employment agreement with Dr. Danter, the significant compensation terms of which are as follows:

- an annual base salary of $170,000 exclusive of bonuses, benefits, and other compensation to which he might become entitled;
- an automatic increase in the annual base salary to $200,000 upon the Company receiving an upfront licensing payment in excess of $2,500,000 for its lead oncology compound, COTI-2;
- a grant of 250,000 common share options during fiscal 2013 with terms in accordance with the parameters of the Company's share option plan;
- a vacation entitlement of six (6) weeks;
- a cash bonus in each year upon successful attainment of the milestones or objectives established for each fiscal year by the Board;
- participation in all benefit plans that COTI provides to its employees; and,
- participation in any bonus plans and options to purchase shares of COTI as may be provided by the Board in its discretion.

Chief Financial Officer

Mr. Gene Kelly commenced employment as Chief Financial Officer on a part-time basis effective May 1, 2006 and moved to full time employment on January 2, 2007. Mr. Kelly's salary was established by the President at the time.

Effective May 1, 2012 the Company entered into an employment agreement with Mr. Kelly, the significant compensation terms of which are as follows:

- an annual base salary of $130,000 exclusive of bonuses, benefits, and other compensation to which he might become entitled;
- an automatic increase in the annual base salary to $150,000 upon the Company receiving an upfront licensing payment in excess of $2,500,000 for its lead oncology compound, COTI-2;
- a grant of 200,000 common share options during fiscal 2013 with terms in accordance with the parameters of the Company's share option plan;
- a vacation entitlement of four (4) weeks;
- a cash bonus in each year upon successful attainment of the milestones or objectives established for each fiscal year by the Board;
- participation in all benefit plans that COTI provides to its employees; and,

- participation in any bonus plans and options to purchase shares of COTI as may be provided by the Board in its discretion.

The Board awarded 150,000 stock options to Mr. Kelly as described below in December 2013 under its discretionary authority and in accordance with the provisions of Mr. Kelly's employment contract.

Executive Director

Effective June 1, 2011, the Company entered into an executive management consulting services agreement (the "Agreement") with one of its directors (the "Executive Director"). The Executive Director was paid a daily rate for invoiced time as services were provided. Under the Agreement, the Executive Director was granted 200,000 stock options on June 21, 2011 with 50,000 options vesting on each of September 1 and December 1, 2011, and March 1 and June 1, 2012. The options had a five-year life and an exercise price of $0.35. The Executive Director was also entitled to certain cash bonuses based upon his material contribution to the Company successfully achieving any or all of a license agreement, a collaboration agreement, or a financing.

The Agreement was renewed on May 1, 2013 and again on May 1, 2014 for one year terms respectively. Under these Agreements, the Executive Director billed for his services at an agreed daily rate prorated for partial days. The Executive Director was also granted 200,000 stock options upon each renewal with 50,000 stock options vesting quarterly from the starting date of each renewal. The options had a five-year life with an exercise price of $0.14 and $0.24 respectively.

Compensation paid under these Agreements is set out in the compensation tables below.

By mutual agreement of the Company and the Executive Director, the Agreement with the Executive Director was terminated effective the close of business on December 31, 2013.

The NEO employment agreements do not provide for any post-retirement benefits.

Executive Bonus Plan

Under the employment and consulting agreements effective May 1, 2012, the NEO were eligible to participate in an Executive Bonus Plan ("EBP") based upon the achievement of specific short and long-term objectives. The EBP for fiscal 2014 recognized the importance of future financing through the realization of cash from two key objectives; either obtaining a licensing agreement for the Company's lead oncology compound, COTI-2, or an equity financing transaction.

In addition to the two key objectives, the fiscal 2014 EBP also recognized the importance of three contingent objectives. A cash payment for achievement of these objectives was contingent upon the achievement of at least one of the key objectives.

There were no bonuses determined to be payable under the Executive Bonus Plan for fiscal 2014.

2. Summary Compensation Table – NEO

The following table provides compensation information for each of the NEO during the most recent three fiscal years ended April 30, respectively. In accordance with Form 51-102F6 (1.3) (2) (a), it is permitted to omit a table column if the content of such column does not apply to the company. As COTI does not have a Share-based Award program or a Pension Plan, such columns were omitted from the table below.

Name and Principal Position	Year [2]	Salary ($) [3]	Option-Based Awards ($) [5]	Non-equity incentive plan compensation ($) [8]		All Other Compensation ($)	Total Compensation ($)
				Annual Incentive Plans	**Long Term Incentive Plans**		
Dr. Wayne Danter President, Chief Executive Officer & Chief Scientific Officer	2014 2013 2012	170,000 170,000 170,000	[5] 17,685 [5] [6] 37,344 [5] [6] 20,915			[9] 2,327 [9] 2,013 [9] 1,799	190,012 209,357 189,299
Mr. Gene Kelly Chief Financial Officer	2014 2013 2012	130,000 130,000 130,000	[6] 19,275 [6] 13,385 [6] 2,612			[9] 1,799 [9] 1,555 [9] 1,385	151,074 144,940 133,997
Dr. Brent Norton [1] Executive Director	2014 2013 2012	[4] 89,584 [4] 175,174 [4] 169,667	[7] 25,750 [5] [7] 35,293 [5] [7] 42,900	- [8] 5,560 [8] 33,220		- [10] 2,000 [10] 2,500	115,334 218,027 248,287

Notes:

(1) Dr. Norton entered into an annual executive consulting agreement with the Company effective June 1, 2011 that was renewed on June 1, 2012 and again on June 1, 2013 and terminated effective December 31, 2013.

(2) All fiscal years are 12 calendar months ending on April 30.

(3) Reflects actual paid earnings for the specified year.

(4) Amounts based upon invoices for services rendered under the consulting agreement.

(5) The Company does not have any option-based incentive award programs. However, options were granted to all directors of the Board as a retainer for their service on the Board in lieu of cash payments. These grants were made regardless of being NEO. These options vested evenly on a quarterly basis from the date of grant. All amounts disclosed are based upon the grant date fair value of the award. Details of the Company's stock option plan including the methodology used to calculate the grant date fair value and the key assumptions and estimates used in the calculation are discussed under "Stock Option Plan" below.

(6) At the discretion of the Board, NEO received option grants with immediate vesting for their management performance in lieu of salary increases.

(7) In addition to director option grants, Dr. Norton was awarded 200,000 share options each year under his consulting agreement with a fair market value upon grant in 2014 of $25,750 (2013 - $17,800, 2012 - $25,400).

(8) The Company does not have any annual or long-term non-equity incentive plans except that Dr. Norton was entitled to a bonus for the achievement of certain objectives under his consulting agreement in fiscal 2012 that was partially paid in fiscal 2012 and the balance in fiscal 2013.

(9) Taxable life insurance benefits paid on behalf of all employees.

(10) Directors' meeting fees paid.

3. Incentive Plan Awards – NEO

Form 51-102F6 (the "Form") sets out a definition of "incentive plan award" as compensation awarded, earned, paid, or payable under an incentive plan. The Form further defines an incentive plan to mean any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. The Company currently does not have formal compensation

programs that provide for share-based or option-based incentive awards for its NEO or other employees.

Neither the Board nor the Compensation Committee has conducted a detailed review of the risk implications associated with the Company's compensation policies and practices. However, given the nature of the compensation currently used by the Company, the Board believes these risks to be negligible.

The Company's Stock Option Plan ("SOP") is administered on a discretionary basis by the Board. To date, options have been awarded under the SOP to directors, employees, advisors, and consultants under a cash conservation policy in exchange for services in lieu of cash payments. The outstanding stock options issued to each NEO under the SOP and outstanding at April 30, 2014 are set out in the table below. The Company does not have any share-based awards and accordingly columns requiring disclosure of such information have been omitted from the table in accordance with National Instrument 51-102F6 Item 1 (1.3) (2) (a).

Outstanding Share-Based and Option-Based Awards – NEO

	Option-based Awards			
Name	**Number of securities underlying unexercised options**	**Option exercise price ($)**	**Option expiration date**	**[5] Value of unexercised in-the-money options ($)**
Dr. Wayne Danter, CEO, President & CSO	[1] 64,815	$0.50	September 9/14	nil
	[1] 135,659	$0.165	October 27/15	nil
	[1] 85,366	$0.30	September 26/16	nil
	[2] 15,385	$0.25	October 17/16	nil
	[2] 200,000	$0.16	September 24/17	nil
	[1] 163,934	$0.16	September 24/17	nil
	[1] [4] 127,737	$0.18	December 4/18	nil
	842,896			
Mr. Gene Kelly, CFO	[2] 48,936	$0.47	February 11/15	nil
	[2] 11,765	$0.25	October 17/16	nil
	[2] 200,000	$0.14	September 9/17	3,000
	[2] [4] 150,000	$0.18	December 4/18	nil
	410,701			3,000
Dr. Brent Norton Executive Director	[1] 56,818	$0.15	[6] April 30, 2015	284
	[3] 200,000	$0.35	[6] April 30, 2015	nil
	[1] 85,366	$0.30	[6] April 30, 2015	nil
	[3] 200,000	$0.14	[6] April 30, 2015	3,000
	[1] 163,934	$0.16	[6] April 30, 2015	nil
	[3] 200,000	$0.24	[6] April 30, 2015	nil
	906,118			3,284

Notes:

(1) Options granted in role as a director.

(2) Options granted at the Board's discretion in role as an NEO.

(3) Options granted as part of his compensation under a consulting agreement with the Company.

(4) All options are vested and have a five-year life with the exception of options granted to Dr. Danter as a director, and options granted to Mr. Kelly as an NEO. Directors' options vest evenly on a quarterly basis from the grant date and the options granted to Mr. Kelly vest evenly on a quarterly basis from December 5, 2013.

(5) Based upon the net difference between the closing price for the common shares at April 30, 2014 of $0.155 and the exercise price for options vested at that date.

(6) At the December 5, 2013 Annual and General Meeting of Shareholders, the expiry date for options held by the directors not standing for re-election at that meeting were amended to be the earlier of April 30, 2015, or the original expiry date for such options.

4. Incentive Plan Awards – Value Vested or Earned During the Year – NEO

The following table provides information regarding the value of stock options granted during the year ended April 30, 2014 to NEO that would have been realized had the options been exercised on their vesting date.

Name	[(1) (2)] Option-based awards – Value Vested During the Year ($)	[(3)] Share-based awards – Value Vested During the Year ($)	[(3)] Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Dr. Wayne Danter, President & CEO	2,555	n/a	n/a
Mr. Gene Kelly, Chief Financial Officer	3,000	n/a	n/a
Dr. Brent Norton, Executive Director	Nil	n/a	n/a

Notes:

(1) Options granted during the year to the CEO as a director and to the CFO as an officer vested on a quarterly basis commencing from the date of grant on December 5, 2013. Accordingly, the only vesting date that occurred during fiscal 2014 was March 5, 2014 with a vesting date market price per the underlying common share of $0.20. Options granted to the Executive Director under the consulting agreement vested on December 5, 2013 with a vesting date market price of the underlying common share of $0.19.

(2) Calculated based upon the net difference between the closing price for the common shares at the vesting date and the option exercise price, multiplied by the number of options granted.

(3) The Company does not have share-based awards and did not have a non-equity incentive plan during fiscal 2014.

5. Pension Plan Benefits

The Company does not currently have a pension plan, retirement plan or deferred compensation plan for its NEO or directors.

6. Termination and Change of Control Benefits

Dr. Danter's May 1, 2012, employment agreement provides for termination as follows:

- without notice or pay in lieu of such notice for cause;
- any time by Dr. Danter upon 90 days written notice to the Company;
- by COTI without cause by paying in lieu of notice, an amount equal to two years' salary of Dr. Danter's then current annual base salary; benefits as prescribed under the terms of the Company's benefits plan; and, any additional compensation entitlements under a bonus plan or share purchase plan in effect at the time of termination to which Dr. Danter would be entitled at the time of termination; and,
- by Dr. Danter upon prior written notice to COTI at any time within 180 days after a Change of Control of COTI in which case COTI shall pay to the Dr. Danter an amount equal to two years of Dr. Danter's then current annual base salary.

Mr. Kelly's May 1, 2012, employment agreement provides for termination as follows:

- without notice or pay in lieu of such notice for cause;
- any time by Mr. Kelly upon 90 days written notice to the Company;
- by COTI without cause by paying in lieu of notice, an amount equal to one year's salary plus one month's salary for every year of service greater than 10 years of service to a maximum of two years of Mr. Kelly's then current annual base salary; benefits as prescribed under the terms of the Company's benefits plan; and, any additional compensation entitlements under a bonus plan or share purchase plan in effect at the time of termination to which Mr. Kelly would be entitled at the time of termination; and,
- by Mr. Kelly upon prior written notice to COTI at any time within 180 days after a Change of Control of COTI in which case COTI shall pay to Mr. Kelly an amount equal to one year of Mr. Kelly's then current annual base salary.

Amounts payable upon termination for either Dr. Danter or Mr. Kelly are to be paid over the term of the severance on a continuous pay period basis after the date of termination. Should employment be obtained during the installment payment period, the amount of such installments remaining to be paid after the date of this employment will be reduced by 50%.

By mutual agreement Dr. Norton's consulting Agreement ended on December 31, 2013. There were no eligible bonuses paid or due at the termination or due and payable subsequent to the end of the Agreement.

7. Director Compensation

Standard Compensation Arrangements

Each director of the Company received; (i) an annual retainer fee paid by a grant of share options determined by formula using a notional cash value of $15,000 divided by the fair value of the exercise price of the share option to be granted in lieu of cash; (ii) meeting fees of $500 cash per meeting for each Board and committee of the Board meeting attended except in the case of the Audit Committee, which was $750 per meeting; and (iii) reimbursement from the Company for all reasonable travel expenses incurred in connection with Board or committee of the Board meetings. Directors who were NEO of the Company did not receive meeting fees in connection with their participation in meetings of the Board or committees on which they served. In addition, an annual retainer was paid by a grant of share options on the same formula basis as the annual Board retainer for each committee of the Board with a notional cash value of $2,500 per member for each committee appointment and a notional cash value of $5,000 for a committee chair with the exception of the Audit Committee chair who received a notional cash value of $7,500.

Summary Compensation Table – Directors

The following table summarizes information regarding compensation paid to the Company's directors who were not NEO during the financial year ended April 30, 2014. In accordance with Form 51-102F6 (1.3) (2) (a), it is permitted to omit a table column if the content of such column does not apply to the company. As COTI does not have any Share-based Award program, Non-Equity Incentive Plan Compensation, or a Pension Plan, such columns were excluded from the table below.

[1] Name	[3] Meeting Fees Paid	[4] Option-Based Awards	[5] All Other Compensation	Total Compensation
John Drake	$ 9,000	$ 30,332	-	$ 39,332
Douglas Alexander	15,750	25,271	-	41,021
Kathleen Ferguson [2]	8,000	-	-	8,000
Bruno Maruzzo	16,250	20,222	-	36,472
Murray Wallace [2]	15,750	-	-	15,750
Thomas Wellner [2]	8,000	-	-	8,000
David Sanderson	500	20,222	-	20,722
TOTALS	**$73,250**	**$ 96,047**	**-**	**$169,297**

Notes:

(1) Compensation to NEO that were also directors is described in the Summary Compensation Table – NEO.

(2) Certain directors did not stand for re-election at the December 5, 2013 Annual and General Meeting of Shareholders and accordingly were not granted options as directors during fiscal 2014.

(3) Meeting fees paid relates to cash payments for meetings whether of the Board or a committee of the Board.

(4) The annual Board and committee of the Board retainers are paid by share option grant. The fair value at date of grant is calculated using a Black-Scholes valuation model and disclosed under the option-based awards. All options granted during the year vested quarterly from the date of grant on December 5, 2013.

(5) The Company did not provide "Other Compensation" to its directors other than as described below under "Directors' and Officers' Insurance".

Outstanding Share-Based and Option-Based Awards – Directors

	Option-based Awards [1]			
Name	[2] Number of securities underlying unexercised options	Option exercise price ($)	Option expiration date	[3] Value of unexercised in-the-money options ($)
John Drake	111,111	$0.50	September 9/14	nil
	232,558	$0.165	October 27/15	nil
	146,342	$0.30	September 26/16	nil
	281,031	$0.16	September 25/17	nil
	218,978	$0.18	December 4/18	nil
	990,020			
Doug Alexander	64,815	$0.50	September 9/14	nil
	155,039	$0.165	October 27/15	nil
	121,951	$0.30	September 26/16	nil
	234,193	$0.16	September 25/17	nil
	182,482	$0.18	December 4/18	nil
	758,480			
Bruno Maruzzo	74,074	$0.50	September 9/14	nil
	174,419	$0.165	October 27/15	nil
	109,756	$0.30	September 26/16	nil
	210,773	$0.16	September 25/17	nil
	145,985	$0.18	December 4/18	nil
	654,415			
David Sanderson	145,985	$0.18	December 4/18	nil

Notes:

(1) The Company does not have any share-based awards or non-equity incentive plans and accordingly columns requiring disclosure of such information have not been included in the table in accordance with NI 51-102F6 Item 1 (1.3) (2) (a).

(2) All options were granted for role as a director in lieu of cash for retainer and committee membership. All options are vested except a portion of those options from the grant made on December 5, 2013. Options under this grant vest quarterly from the date of grant.

(3) Based upon the net difference between the closing price for the common shares at April 30, 2014 of $0.155 and the exercise price for vested options at that date.

Incentive Plan Awards to Directors – Value Vested or Earned During the Year - Directors

The following table provides information regarding the value of stock options granted during the year ended April 30, 2014 to directors that would have been realized had the options been exercised on the vesting date.

Name	(1) Option-based awards – Value Vested During the Year ($)	(2) Share-based awards – Value Vested During the Year ($)	(2) Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
John Drake	$ 4,380	n/a	n/a
Douglas Alexander	$ 3,650	n/a	n/a
Bruno Maruzzo	$ 2,920	n/a	n/a
David Sanderson	$ 2,920	n/a	n/a

Notes:

(1) Based upon the net difference between the closing price for the common shares at the vesting date and the exercise price. All options granted during the year to directors vested quarterly from the date of the grant on December 5, 2013, and accordingly the only vesting during the fiscal year occurred on March 5, 2013, with a closing market price on this vesting date of $0.20.

(2) The Company does not have share-based awards or non-equity incentive plans for its directors.

8. Directors' and Officers' Insurance

The Company maintains an executive and organization liability insurance policy that covers directors and officers for costs incurred to defend and settle claims against directors and officers of the Company to an annual limit of $5,000,000 with retention of $50,000 on securities and oppressive conduct claims and $25,000 on all other claims. The cost of coverage for 2014 was approximately $28,728. Directors and officers do not pay any portion of the premiums and no indemnity claims were made or became payable during 2014.

9. Indebtedness of Directors and Executive Officers

The Company does not make personal loans or extensions of credit to its directors or executive officers. No director or executive officer is currently indebted to the Company respecting the purchase of securities or otherwise.

10. Interest of Informed Persons in Material Transactions

No director or executive officer had any material interest, direct or indirect, in any transaction during the Company's most recently completed financial year ending April 30, 2014, or in any proposed transaction, which has materially affected or would materially affect the Company subsequent to the this year-end.

11. Retirement Policy for Directors

The Company does not have a retirement policy for its directors.

12. Securities Authorized for Issuance Under Equity Compensations Plans

The only compensation plan under which equity securities of the Company are authorized for issuance is the Stock Option Plan. The following table sets forth, as at April 30, 2014, information regarding the Stock Option Plan.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options	Number of Common Shares remaining for future issuance under the Stock Option Plan excluding securities reflected in column (a)
Equity compensation plans approved by security holders	6,468,108	$0.23	3,212,690
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	6,468,108	$0.23	3,212,689

13. Stock Option Plan

The Company's shareholders initially approved the Stock Option Plan ("SOP") at the Company's Annual General and Special Meeting of Shareholders held on June 23, 2006 and the SOP has been approved at each Annual General and Special Meeting of Shareholders since then. The SOP was last amended by the shareholders of the Company on December 5, 2013.

The SOP was designed to advance the interests of the Company by aligning the interests of its directors, officers, employees, and consultants with the success of the Company through equity participation in the Company. In determining the terms of each grant of share options to directors, officers, employees, and consultants, consideration is given to the participant's present and potential contribution to the success of the Company. The aggregate maximum number of Common Shares that may be reserved for issuance under the SOP is 10% of the number of Common Shares authorized for issuance. As of September 24, 2014, options to purchase an aggregate of 5,601,433 Common Shares, representing approximately 5.4% of the issued and outstanding Common Shares are outstanding under the SOP.

There were no shares issued during fiscal 2014 from the exercise of options granted under the SOP. Options granted under the SOP, which have been cancelled or terminated in accordance with the terms of the SOP without exercise, are available for re-granting under the SOP.

The exercise period for each share option is not to be more than five years. Share options are always granted subject to vesting requirements. The SOP allows the expiry date of share options granted thereunder to be the tenth day following the end of a Company imposed blackout period on trading securities of the Company in the event that the share option grant would otherwise expire during or soon after such a blackout.

The exercise price per share shall not be less than the market value of the Common Shares as of the grant date. The market value of Common Shares for a particular grant is the closing trading price of the Common Shares on the day immediately preceding the grant date and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities. The Common Shares are

currently only listed for trading on the TSXV and are also listed over the counter in the United States on the OTCQB.

The SOP is administered by the Board. Under the SOP, the Board may from time to time amend or revise the terms of the SOP or may discontinue the SOP at any time. The Board cannot reduce the exercise price of any outstanding options. The Company has never re-priced any of the share options it has granted under the SOP. Subject to receipt of requisite regulatory approval, where required, and without further shareholder approval, the Board may make the following amendments to the SOP: (a) housekeeping changes; (b) a change to the termination provisions of the SOP or of a share option as long as the change does not permit the Company to grant a share option with a termination date of more than five years from the date of the grant or to extend an outstanding share option's termination date beyond such date; and, (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements other than those specifically requiring shareholder approval as provided in the SOP.

The Company measures the grant date fair value of any stock options awarded using a Black-Scholes option pricing model in accordance with International Financial Reporting Standards ("IFRS"). The key assumptions used in the option pricing model and the total estimated share-based compensation for all NEO and directors for the past three fiscal years are set out in the table below.

Assumption	2012	2013	2014
Risk free interest rate	1.12 – 1.53%	1.04 – 1.33%	1.03 – 1.49%
Expected dividend yield	-	-	-
Expected share volatility	123.3 – 139.8%	113.1 – 114.8%	109.3 – 140.3%
Expected average option life in years	2.8 – 5.0	2.5 – 2.8	1.4 – 3.6
Estimated stock option compensation	$209,678	$206,447	$158,757

E. STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, whose members are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below as required by applicable securities legislation, is appropriate and substantially consistent with practices reflected in National Policy 58-201 Corporate Governance Guidelines (the "Guidelines").

1. Board Membership

The Guidelines recommend that the Board of every listed company should be constituted by a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the issuer. A "material relationship" is defined as a relationship, which could, in the view of the issuer's Board, reasonably interfere with the exercise of a director's independent judgment.

The Board is currently composed of five directors, one of whom, Dr. Danter, is an executive officer of the Company and is thus considered to have a material relationship with it. The remaining four directors are independent. Accordingly, the majority (80%) of the current directors are independent.

As set out in the Business to be Transacted at the Meeting, it is proposed that the size of the Board be maintained at five directors of which four of the proposed directors will be independent, with Dr. Danter being the only non-independent director.

2. Directorships

Details of directorships held by directors of the Company in other reporting issuers in Ontario or other jurisdictions are set out in the directors' biographies.

3. Meetings of Independent Directors

The Audit Committee, whose members are comprised entirely of directors who are independent within the meaning of the Guidelines, has since inception held "in camera" sessions without management present as part of its regular Audit Committee meeting program. The independent directors of the Board commenced holding in camera sessions of the independent directors as a regular part of Board meetings in 2011.

4. Chairman of the Board

The Chairman of the Board, Mr. Drake, is an independent director as it has been more than three years since he was the Chief Executive Officer.

5. Orientation and Continuing Education

Currently, management performs orientation for new Board members. This consists of the following:

- during the initial assessment process prior to becoming a Board member, the candidate is directed to the Company's web site and to the SEDAR site for the Company's public documents;
- based upon the significant amount of information available from these sources, management fields questions based upon the candidates review;
- once a candidate becomes a director and has signed a confidential disclosure agreement, management provides an in depth review of the science and technology of the Company to the extent the director desires; and,
- management provides on-going distribution of relevant materials in a number of areas depending upon the director's committee involvement and general industry information of importance and relevance to the Company. For example, audit committee members are directed to enroll in the auditor's e-mail service where they can subscribe to various publications of interest as it relates to audit committees and new accounting pronouncements. The CFO supplements this by providing copies of particularly relevant materials and analysis of their applicability to the Company throughout the year.

6. Ethical Business Conduct

The Board prescribes a high standard of ethical business conduct in all dealings related to the affairs of the Company. The Governance and Nominating Committee developed, and the Board approved, a code of ethics and business conduct (the "Code") in fiscal 2007 that applies to all directors, officers and employees, a copy of which is attached as Schedule "A". Each new director and employee of the Company is provided a copy of this Code upon joining the Company and must complete a certificate of compliance with respect to the Code as part of their orientation. The Code is reviewed annually at the Board meeting prior to the annual general meeting for possible revisions. Any change to the Code is

communicated to the directors and employees of the Company by issuance of a copy of the new Code highlighting such changes. Subsequent to the annual review, management obtains an annual compliance certificate from all directors and employees.

7. Board Committees

Historically, in addition to the Audit Committee, the Board has had standing committees for the Governance and Nominating Committee and the Compensation Committee. With the reduction in the size of the Board at the 2013 Meeting, these committees were eliminated as standing committees and the Board has performed the functions of these committees since that time. In particular, new candidates for Board nomination will be identified by current directors or management. Compensation for directors and the CEO and CFO are reviewed and determined by the Board based on prevailing rates in the industry having regard for the resources of the Company.

8. Board Assessments

There was no Board assessment conducted in the past year.

F. AUDIT COMMITTEE DISCLOSURE

A summary of the membership, responsibilities and activities of the Audit Committee is set out below as required by applicable legislation. The Company has adopted a Charter for the Audit Committee, a copy of which is attached as Schedule "B".

1. Composition of the Audit Committee

The following table sets out the members and their qualification under the National Instrument ("NI") for the Audit Committee:

Director	Relationship	Financially Literate [(1)]
Douglas Alexander, CPA, CA - Chair	Independent [(1)]	Yes
Bruno Maruzzo, MBA	Independent [(1)]	Yes
Dave Sanderson, LLB	Independent [(1)]	Yes

Note:
(1) As defined in NI 52-110 Audit Committees.

2. Relevant Education and Experience

The members of the Audit Committee are each experienced senior business executives. Mr. Alexander, the Chair of the Committee, is a member of the Chartered Professional Accountants of Ontario. Neither Mr. Maruzzo nor Mr. Sanderson have a formal accounting designation, however, each of them has many years of experience in evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements. Based on such experience, each member has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves by the Company and an understanding of internal controls and procedures for financial reporting. Each of the members of the Committee have been involved actively at a supervisory level in the financial and accounting management of small companies and have demonstrated ability to address financial and accounting issues.

3. Audit Committee Oversight

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

4. Non-Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (de minimus Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

5. Pre-Approval Policies and Procedures

The Committee has established an Auditor Engagement Services Policy (the "Policy") setting out the services the independent auditor is permitted to perform and which are accordingly pre-approved by the Audit Committee in accordance with the Policy. Any service not covered under the Policy must receive specific pre-approval prior to such service being provided to the Company by the independent auditor. The Policy also sets out those specific services or activities that the auditor is not permitted to perform and for which approval would not be granted.

6. External Auditor Service Fees

The aggregate fees billed by the Company's external auditor in each of the last three fiscal years are as follows:

Financial Year Ending	Audit	(1) Audit Related	(2) Tax Services	(3) All Other	Total Fees
April 30, 2014	$59,325	$6,995	$5,400	$7,850	$79,570
April 30, 2013	$57,750	$1,100	$2,525	$16,403	$77,778
April 30, 2012	$57,750	$41,676	$6,900	$7,800	$114,126

Notes:

(1) The Audit Related Fees in fiscal 2014 primarily reflect an additional billing of $5,000 for the 2013 fiscal year end audit approved by the Audit Committee in December 2013. The balance is consistent with 2013 fees and relates to the Canadian Public Accounting Board ("CPAB") audit participation fee of 2% that all audited companies are required to pay as collected by the auditor on behalf of CPAB. In fiscal 2012, these costs related to a specific engagement to review the Company's accounting policies on the application of IFRS to its financial reporting upon transition to IFRS and the implementation of these policies in the Company's first quarterly period reporting under IFRS occurring on July 31, 2011.

(2) Tax Services relate to sundry income tax inquiries and support for the filing of the Company's annual income tax and investment tax credit returns.

(3) All Other costs in fiscal 2014 related to accounting and tax support on two potential transactions the Company was considering during the year that were not completed. In fiscal 2013, these costs related to a documentation project for the Company's CHEMSAS® process.

7. Exemption

The Company is relying, in part, on the exemption for full compliance with NI 52-110 granted for all Venture Issuers under Part 6 of NI 52-110.

G. OTHER

Unless otherwise specified, the information contained herein is as of September 24, 2014. The management of the Company knows of no other matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. If any matters not now known should properly come before the Meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

The Company's Financial Statements and Management Discussion and Analysis for the fiscal year ended April 30, 2014 and the Company's 2014 Annual Information Form all of which were filed on July 24, 2014 contain additional financial information. These documents and other additional information about the Company are available at www.sedar.com. Copies of the information referred to above can also be obtained upon request in writing to the: Chief Financial Officer, Critical Outcome Technologies Inc., Suite 213, 700 Collip Circle, London, Ontario, N6G 4X8.

H. APPROVAL OF INFORMATION CIRCULAR

The content and the sending of this Information Circular have been approved by the directors of the Company.

Dated at London, Ontario, the 24th day of September, 2014.

Dr. Wayne R. Danter
President & Chief Executive Officer

SCHEDULE "A"
CODE OF ETHICS AND BUSINESS CONDUCT

The Board of Directors of COTI has adopted this Code of Conduct to guide the Directors and Company Employees in recognizing and addressing ethical issues and in ensuring that their activities are consistent with the Company's values of:

- Respect
- Uncompromising integrity
- Trust
- Credibility
- Continuous improvement and personal renewal
- Recognition and celebration
- Transparency

The Code is intended as a source of guiding principles since no code or policy can anticipate every situation that may arise. Directors or Employees with questions about the Code's application to particular circumstances are encouraged to discuss the issue with the Chair of the Audit Committee of the Board of Directors.

1. Compliance with Laws and Company Policies

Directors and Employees are expected to comply with applicable laws and Company policies, and to monitor legal and ethical compliance by the Company's Directors, Officers, and other Employees.

2. Conflicts of Interest

Directors and Employees must avoid any conflicts of interest with the Company. A "conflict of interest" exists when a Director or Employee's personal or professional interest is adverse to, or may appear to be adverse to, the interests of the Company. Conflicts of interest may also arise when a Director or Employee, or members of his or her family, or an organization with which the Director or Employee is affiliated, receives improper benefits as a result of the Director's or Employee's position. Any situation that involves, or may involve, a conflict of interest must be promptly disclosed to the Chair of the Audit Committee.

3. Corporate Opportunities

Directors and Employees owe a duty to the Company to advance its legitimate interests. Directors and Employees may not take for themselves personally, or for other organizations with which they are affiliated, opportunities discovered using Company property, information, or position. No Director or Employee may compete with the Company, or use Company property, information, or position for improper personal gain.

4. Competition and Fair Dealing

Directors and Employees shall endeavor to deal fairly with the Company's customers, suppliers, and competitors. The Board shall oversee fair business dealing by the Company's Officers and Employees. No Director or Employee should take unfair business advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. Directors, Employees, and members of their immediate families may not accept gifts from outside persons or entities when the gifts are made in order to influence the Employee's or the Director's actions, or where acceptance of the gifts could create the appearance of impropriety.

5. Confidentiality

Directors and Employees must maintain the confidentiality of information entrusted to them by the Company or its customers, and any other information that comes to them about the Company, except when disclosure is authorized or legally required. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company if disclosed.

6. Protection and Proper Use of Company Assets

Directors and Employees must protect the Company's assets and ensure their efficient use. Directors and Employees must not use Company time, employees, supplies, equipment, buildings, or other assets for personal benefit, unless the use is approved in advance by the Chair of the Audit Committee or is part of a compensation or expense reimbursement program available to all Directors and Employees.

7. Encouraging the Reporting of any Illegal or Unethical Behavior

Directors and Employees should promote ethical behavior and take steps to ensure that the Company; (a) encourages Directors and Employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages Directors and Employees to report violations of laws, rules, or regulations; (c) informs Directors and Employees that the Company will not permit retaliation for reports made in good faith.

8. Enforcement

The Board shall determine appropriate actions to be taken in the event of violations of this Code. Directors and Employees should communicate any suspected violations of this Code promptly to the Chair of the Audit Committee. The Audit Committee or the Board, or their designee, will investigate violations, and will ensure that appropriate remedial action is taken.

9. Waivers of the Code of Business Conduct

Only the Board or the Audit Committee may waive a Company business conduct policy for a COTI Director or Employee, and the waiver must be disclosed to shareholders in accordance with COTI's disclosure policy.

10. Annual Review

The policy has been reviewed and authorized by the Board. The Board shall review and reassess the adequacy of this Policy annually, and make any amendments that it deems appropriate. All Board members and Employees are provided with a copy of this official policy.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER
AMENDED JULY 24, 2012

1. PURPOSE

The Audit Committee is a committee of the Board of Directors of Critical Outcome Technologies Inc. (the **"Corporation")** established to assist the Board of Directors in fulfilling its oversight responsibilities for the accounting and financial reporting processes of the Corporation and audits of the Corporation's financial statements by carrying out the activities described in this Charter in the manner detailed by this Charter.

2. COMMITTEE MEMBERSHIP

(a) The Board of Directors, immediately upon their election by the shareholders of the Corporation, shall appoint an Audit Committee to serve for the forthcoming year. Each member of the Audit Committee shall serve at the pleasure of the Board of Directors until the member resigns, is removed or ceases to be a director of the Corporation.

(b) The Audit Committee shall consist of not less than three directors, none of whom shall be officers or employees of the Corporation or any of its affiliates.

(c) The Board of Directors shall designate a member of the Audit Committee to serve as Chairman.

(d) Each member of the Audit Committee shall:

(i) be a member of the Board of Directors of the Corporation;

(ii) be independent according to the definition of independence applicable to members of audit committees under National Instrument 52-110 ("NI 52-110") entitled "Audit Committees" of the Canadian Securities Administrators, unless otherwise approved by the Board of Directors in accordance with NI 52-110; and,

(iii) have 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 Corporation's financial statements, unless the financial statements are otherwise approved by the Board of Directors in accordance with NI 52-110.

(e) The Chief Financial Officer of the Corporation shall act as secretary of the Audit Committee.

3. MEETINGS

(a) Meetings of the Audit Committee shall be held at least four times a year. The meetings will be scheduled to permit timely review of the Corporation's interim and annual financial statements.

(b) Additional meetings of the Audit Committee may be called by the Chairman, any member of the Committee or the external auditor of the Corporation.

(c) Not less than 72 hours' notice of meetings of the Audit Committee shall be given by the Chief Financial Officer together with any meeting materials, unless waived by all members of the Audit Committee.

(d) Meetings of the Audit Committee may be held by means of conference telephone.

(e) A resolution signed by all members of the Audit Committee shall be as effective as if passed at a meeting of the Audit Committee that was duly called and held.

4. REPORTING

(a) The Chief Financial Officer will arrange for the preparation of minutes of the meetings of the Audit Committee in sufficient detail to convey the substance of all discussions held.

(b) The Chairman may report orally to the Board on any matter in his/her view requiring the immediate attention of the Board.

5. RESPONSIBILITIES

In fulfilling its responsibilities, the Audit Committee shall:

(a) review the Corporation's annual and interim financial statements and Management Discussion and Analysis prior to public disclosure of such information by the Corporation;

(b) review the annual and interim earnings press releases, and any other press releases containing financial information related to earnings, prior to public disclosure of such information by the Corporation;

(c) satisfy itself, on behalf of the Board of Directors, that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than the public disclosure referred to in (a) above) and periodically assess the adequacy of such procedures;

(d) satisfy itself, on behalf of the Board of Directors, that the Corporation's annual financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS), and recommend to the Board whether the annual financial statements should be approved;

(e) satisfy itself, on behalf of the Board of Directors, that the Corporation's interim financial statements are fairly presented in accordance with IFRS and, approve such interim financial statements on behalf of the Board of Directors as appropriate;

(f) satisfy itself, on behalf of the Board of Directors, that the information contained in the Corporation's Annual Report to Shareholders, if any, and other financial publications such as Management Discussion and Analysis, the Annual Information Form, if applicable, and the information contained therein is fairly presented in all material respects;

(g) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems to identify, assess and mitigate significant business risks;

(h) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented

appropriate systems of internal control over financial reporting (which may include an internal audit function) and that these are operating effectively;

(i) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;

(j) establish procedures, for the receipt, retention and treatment of complaints received by the Corporation, if any, regarding accounting, internal accounting controls or auditing matters;

(k) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns, if any, regarding questionable accounting or auditing matters;

(l) satisfy itself, on behalf of the Board of Directors, that the external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed; and

(m) at least once per year, meet with the external auditor and management in separate sessions to discuss any matters that these groups believe should be discussed with the Audit Committee or that the Audit Committee believes should be discussed with these groups.

6. RELATIONSHIP WITH THE AUDITOR

(a) The Audit Committee shall recommend to the Board of Directors the external auditor to be nominated for appointment at the Corporation's annual meeting for preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.

(b) The Audit Committee shall satisfy itself, on behalf of the Board of Directors, that the external auditor is "independent" in accordance with applicable laws and regulatory requirements.

(c) The Audit Committee shall recommend to the Board of Directors the compensation of the external auditor.

(d) The external auditor is required to report directly to the Audit Committee and the Audit Committee has the authority to communicate directly with the external auditor.

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

(f) The Audit Committee shall review and approve the Corporation's hiring policies regarding current and former partners and employees of the current and any former external auditor of the Corporation.

7. PRE-APPROVAL OF NON-AUDIT SERVICES

(a) The Audit Committee shall pre-approve all services to be provided to the Corporation or its subsidiaries by the external auditor at a cost to the Corporation, individually or in aggregate, of $25,000 or more, other than the professional services rendered by the external auditor for

the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

(b) In addition to the Pre-approval threshold amount noted in (a), the pre-approval requirement is also satisfied where:

(i) the Audit Committee delegates authority to pre-approve non-audit services to one or more members, which pre-approval must be presented by the member(s) to the full Audit Committee at its next scheduled meeting; or

(ii) the Audit Committee adopts specific policies and procedures for the engagement of non-audit services provided that: (i) the pre-approval policies and procedures are detailed as to the particular service, (ii) the Audit Committee is informed of each non-audit service, and (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

8. AUTHORITY TO ENGAGE EXTERNAL ADVISORS

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and have the Corporation pay the compensation for such advisors.

SCHEDULE "C"
BY-LAW NO. 1A

BE IT ENACTED as a by-law of the Corporation as follows:

ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

1. By-law No. 1 of the by-laws of the Corporation is hereby amended by adding thereto, the following Section 10.04A thereof and preceding Section 10.05 thereof, the following:

"**10.04A Nomination of Directors**

Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting), (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a request of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "Nominating Shareholder") (i) who, at the close of business on the date of giving the notice provided for below in this Section 10.04A and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 10.04A:

(A) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given (a) timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Section 10.04A and (b) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in, Section 10.4A(D).

(B) To be timely under Section 10.4A(A)(a), a Nominating Shareholder's notice to the Secretary of the Corporation must be made (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph (B).

(C) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation under Section 10.4A(A)(a), must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as

of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iv) a statement as to whether such person would be "independent" of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52 110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and (b) as to the Nominating Shareholder giving the notice, (i) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws, and (ii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(D) To be eligible to be a candidate for election as a director of the Corporation and to be duly nominated, a candidate must be nominated in the manner prescribed in this Section 10.4A and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the Secretary of the Corporation at the principal executive offices of the Corporation, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Corporation) that such candidate for nomination, if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

(E) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 10.04A; provided, however, that nothing in this Section 10.04A shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(F) For purposes of this Section 10.04A:

(a) "Affiliate", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(b) "Applicable Securities Laws" means the Securities Act (Ontario) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and

notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(c) "Associate", when used to indicate a relationship with a specified person, shall mean (i) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;

(d) "Derivatives Contract" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Corporation or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Corporation or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(e) "Meeting of Shareholders" shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(f) "owned beneficially" or "owns beneficially" means, in connection with the ownership of shares in the capital of the Corporation by a person, (i) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns

beneficially pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities; and

(g) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(G) Notwithstanding Section 12, notice or any delivery given to the Secretary of the Corporation pursuant to this Section 10.04A may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(H) In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in Section 10.4A(B) or the delivery of a representation and agreement as described in Section 10.4A(D)."

2. By-law No. 1, as amended from time to time, of the by-laws of the Corporation and this By-law No. 1A shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law which are defined in By-law No. 1, as amended from time to time, of the by-laws of the Corporation shall, for all purposes hereof, have the meanings given to such terms in the said By-law No. 1 unless expressly stated otherwise herein or the context otherwise requires.

Notes