NUVO

NUVO PHARMACEUTICALS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "**Meeting**") of **NUVO PHARMACEUTICALS INC.** (the "**Corporation**") will be held on Tuesday, June 25, 2019 at 9:00 a.m. (ET) at Hilton Mississauga/Meadowvale, 6750 Mississauga Road, Mississauga, Ontario for the following purposes:

(1) to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2018, together with the auditors' report thereon;

(2) to elect directors of the Corporation for the ensuing year;

(3) to appoint auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration; and

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

DATED at Mississauga, Ontario this 16th day of May, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

Robert Harris
Executive Chairman

Shareholders who are unable to attend the Meeting in person are entitled to be represented at the Meeting by proxy and are requested to complete, date, sign and return the enclosed form of proxy to the Transfer Agent of the Corporation, AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or by fax: 1-866-781-3111 or 416-368-2502, or by email: proxyvote@astfinancial.com no later than 5:00 p.m. (ET) on Thursday, June 20, 2019 or in the case of any adjournment of the Meeting, no later than 5:00 p.m. (ET), on the business day immediately preceding the date of such adjournment.

NUVO PHARMACEUTICALS INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by management of Nuvo Pharmaceuticals Inc. (the "Corporation") for use at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on Tuesday, June 25, 2019 at 9:00 a.m. (ET) at Hilton Mississauga/Meadowvale, 6750 Mississauga Road, Mississauga, Ontario and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying notice of meeting ("Notice of Meeting").

The Corporation will bear the cost of soliciting proxies. Proxies may be solicited by mail and the directors, officers or regular employees of the Corporation may solicit proxies personally, by telephone or by fax. **The solicitation of proxies by this Circular is being made by or on behalf of management of the Corporation.** None of these individuals will receive any extra compensation for such efforts. The Corporation will reimburse banks, trust companies, brokerage firms and other custodians, nominees and fiduciaries ("**Intermediaries**") for any reasonable expenses incurred in sending proxy material to beneficial owners of shares and requesting authority to execute proxies. Proxy-related materials will be sent by the Corporation to Intermediaries and not directly to non-registered beneficial shareholders. The Corporation intends to pay for Intermediaries to deliver proxy-related materials and the Form 54-101F7 (the request for voting instructions) to "objecting beneficial owners", in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

Copies of the Corporation's most recent annual information form (together with the documents incorporated therein by reference), the comparative financial statements of the Corporation for the fiscal year ended December 31, 2018 together with the report of the auditors thereon, the management's discussion and analysis of the Corporation's financial condition and results of operations for the fiscal year ended December 31, 2018, and this Circular are available upon request from the Corporation without charge to the security holder. The information contained herein is given as of May 16, 2019, except where otherwise noted. All dollar amounts stated herein are in Canadian dollars, unless otherwise noted.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Holders

A registered shareholder is a shareholder who holds common shares of the Corporation ("**Common Shares**") in his, her or its own name (that is, not in the name of, or through an Intermediary).

A registered shareholder may attend the Meeting and cast one vote for each Common Share registered in the name of such registered shareholder on any and all resolutions put before the Meeting. A registered shareholder who is unable to attend the Meeting, or does not wish to personally cast his, her or its vote(s), may authorize another person at the Meeting to vote on his, her or its behalf. This is known as voting by proxy. The form of proxy enclosed with the Circular may be used by registered shareholders to authorize another person to vote on their behalf at the Meeting.

The persons named in the form of proxy are directors and/or officers of the Corporation. A shareholder of the Corporation who wishes to appoint some other person to represent him, her or it at the Meeting may do so by striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space so provided.

To be valid, completed proxies must be delivered to the transfer agent of the Corporation, AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or by fax: 1-866-781-3111 or 416-368-2502, or by email: proxyvote@astfinancial.com no later than 5:00 p.m. (ET) on Thursday, June 20, 2019 or in the case of any adjournment of the Meeting, no later than 5:00 p.m. (ET) on the business day immediately preceding the date of such adjournment, or to the Chairperson of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

A registered shareholder who executes and returns a form of proxy may revoke it by, in addition to any other manner permitted by law, depositing an instrument in writing executed by such shareholder or such shareholder's counsel authorized in writing at the head office of the Corporation, 6733 Mississauga Road, Suite 610, Mississauga, Ontario, L5N 6J5, Attention: Jesse Ledger, President and Chief Executive Officer, at any time up to and including the last business day preceding the Meeting or any adjournment thereof or by depositing such instrument in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Non-Registered Holders

Information set forth in this section is very important to persons who hold Common Shares other than in their own names. Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

(a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares; or

(b) in the name of a depository (a "**Depository**" such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

Such Intermediary is the registered holder of the Non-Registered Holder's Common Shares and is the entity legally entitled to vote these shares at the Meeting. In order for a Non-Registered Holder to vote his, her or its Common Shares at the Meeting, they must carefully follow the procedures and instructions received from the Intermediary.

In accordance with the requirements of Canadian securities law, the Corporation has distributed copies of the Notice of Meeting, this Circular, the form of proxy and the Report to Shareholders for the fiscal year ended December 31, 2018 (collectively, the "**meeting materials**") to Depositories and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Corporation c/o AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or by fax: 1-866-781-3111 or 416-368-2502, or by email: proxyvote@astfinancial.com, as described above; or

(b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder and returned to the Intermediary in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone or online).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Although Non-Registered Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary, a Non-Registered Holder may attend the Meeting as proxy holder for the registered shareholder (i.e. the Intermediary) and vote their Common Shares in that capacity. A Non-Registered Holder who wishes to attend and vote at the Meeting in person and indirectly vote his or her Common Shares as proxy holder for the registered holder (or have another person attend and vote on behalf of the registered holder), should strike out the names of the persons named in the proxy and insert the name of the Non-Registered Holder in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. ***In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies***.

VOTING AND EXERCISE OF DISCRETION BY PROXIES

All properly executed forms of proxy, not previously revoked, will be voted or withheld from voting at the Meeting in accordance with the instructions contained therein on any ballot that may be called for. **Forms of proxy containing no instructions regarding the matters specified therein will be voted in favour of such matters. In the event, though not presently anticipated, that any other matter is brought before the Meeting and is submitted to a vote, the form of proxy may be voted in accordance with the judgment of the persons named therein.** The form of proxy also confers discretionary authority in respect of amendments to or variations in all matters that may properly come before the Meeting.

Record Date

The board of directors of the Corporation (the "**Board**") has fixed May 6, 2019 as the record date (the "**Record Date**") for determining the shareholders entitled to receive notice of the Meeting and, accordingly, only shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting.

Interest of Certain Persons in Matters to be Acted Upon

Other than with respect to the election of directors and participation in the Corporation's Share Incentive Plan (as defined herein), none of the Corporation's directors or senior officers, or any associate or controlled corporation of any such person has any direct or indirect material interest in any of the matters to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of the Record Date, the Corporation had outstanding 11,388,282 Common Shares, each carrying one vote.

To the knowledge of the directors and officers of the Corporation, as of the Record Date, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares except for Polar Asset Management Partners Inc. who own 2,266,500 Common Shares, representing approximately 19.9% of the Corporation's outstanding Common Shares.

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements and Auditors' Report

Management, on behalf of the Board, will submit to the shareholders at the Meeting the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018, and the report of the auditors thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken. The audited consolidated financial statements and Auditors' report form part of the Report to Shareholders for the fiscal year ended December 31, 2018 which is being mailed to those shareholders that have requested such materials with the Notice of Meeting and this Circular and which is available at www.sedar.com.

Election of Directors

The Board has adopted a majority voting policy in director elections, as amended by the Board on March 29, 2018, that will apply at any meeting of shareholders where an "uncontested election" of directors is held, including at the Meeting. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Board. Following the receipt of a director's resignation, the Corporation's compensation, corporate governance and nominating committee (the "**Compensation, Corporate Governance and Nominating Committee**") will consider whether or not to recommend to the Board that such offer of resignation be accepted. Absent exceptional circumstances, the Compensation, Corporate Governance and Nominating Committee will be expected to recommend that the Board accept the resignation. Within 90 days following the Corporation's meeting of shareholders, the Board will make its decision. Absent exceptional circumstances, the Board will accept the director's resignation. After such decision is made, the Board will promptly disclose its decision and the reasons for rejecting the resignation, if applicable, via press release, a copy of which will be provided to the Toronto Stock Exchange. A director who tenders his or her resignation pursuant to this majority voting policy will not be permitted to participate in or attend any meeting of the Board or the Compensation, Corporate Governance and Nominating Committee at which the resignation is considered, except where necessary to satisfy quorum requirements, in which case the subject director will not speak or otherwise participate in the meeting.

The Board has adopted an individual director voting policy. Under this policy, shareholders will be asked to vote for each individual director rather than a slate of directors. The persons named in the enclosed form of proxy intend to vote for the election of each of the five nominees to the Board whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director; if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting or until his successor is elected or appointed.

Pursuant to the Corporation's By-Law Number 2 (the "**Advance Notice By-Law**"), shareholders who wish to nominate directors to the Board must submit a notice of such nominations (along with certain other prescribed information) to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected. The Advance Notice By-Law allows the Corporation and its shareholders to receive adequate prior notice of director nominations, as well as sufficient information on all of the nominees. The purpose of the Advance Notice Policy is not to discourage shareholder nominations, but rather to facilitate an organized and efficient meeting process. This ensures that all shareholders, including those voting by proxy, receive adequate notice of the nominations and have an opportunity to register an informed vote having been afforded a reasonable amount of time for consideration. In the case of an annual meeting of shareholders (such as the Meeting), notice to the Corporation of a proposed nominee must be provided not less than 30 days prior to the date of the annual meeting. Accordingly, the deadline for a Shareholder to nominate an individual for election as a director of the Corporation at the Meeting is May 24, 2019. The full text of the Advance Notice By-Law is available at www.sedar.com.

The following table sets forth the names of all persons proposed to be nominated by management for election as a director of the Corporation, all positions and offices with the Corporation now held by them, if applicable, their principal occupations or employment, the point in time at which they became directors of the Corporation and the number of Common Shares and convertible securities of the Corporation beneficially owned, directly or indirectly, by each of them or over which each of them exercises control or direction as of May 16, 2019. In addition, the table identifies the members of the Corporation's Compensation, Corporate Governance and Nominating Committee, audit committee (the "**Audit Committee**") and transaction committee (the "**Transaction Committee**").

Name and Residence	**Principal Occupation**	**Director Since**	**Number of Common Shares Beneficially Owned or Controlled**
Daniel Chicoine (3) Ontario, Canada	Executive Chairman, Crescita Therapeutics Inc.	September 21, 2004	235,784
David A. Copeland (4,6,7) Ontario, Canada	Private business investor	September 21, 2004	57,692
Anthony E. Dobranowski (2, 3) Ontario, Canada	Private business investor	September 21, 2004	47,085
Robert P. Harris (8, 9, 10) Ontario, Canada	Executive Chairman, Nuvo Pharmaceuticals Inc.	May 11, 2017	0
John C. London (1, 5, 7) Ontario, Canada	Private business investor	September 21, 2004	155,786

Notes:
(1) Member of the Compensation, Corporate Governance and Nominating Committee.
(2) Chairman of the Compensation, Corporate Governance and Nominating Committee.
(3) Member of the Audit Committee.
(4) Lead Director.
(5) Vice Chairman.
(6) Chairman of the Audit Committee.
(7) Member of the Transaction Committee.
(8) Chairman of the Transaction Committee.
(9) Executive Chairman.
(10) Mr. Harris was a director of Aralez Pharmaceuticals Inc. ("**Aralez**") until his resignation in August 2018. Aralez commenced voluntary proceedings under the *Companies' Creditors Arrangement Act* (CCAA) in Canada and Chapter 11 of the United States Bankruptcy Code in the U.S. in August 2018.

Each of the directors of the Corporation has been engaged for more than five years in his present principal occupation or in other capacities with the corporation or organization (or predecessor thereof) in which he currently holds his principal occupation, with the exception of the following: Mr. Harris was the President & Chief Executive Officer of Tribute Pharmaceuticals Canada Inc. ("**Tribute**"), which became Aralez Pharmaceuticals Canada Inc. ("**Aralez Canada**") pursuant to a plan of arrangement, until he retired in 2016. The Corporation acquired Aralez Canada on December 31, 2018.

As of December 31, 2018, the Board consisted of six directors, the majority of whom are independent within the meaning of applicable Canadian securities laws. There are five directors proposed to be nominated by management for election as director of the Corporation at the Meeting, the majority of whom are independent under applicable Canadian securities laws. Each nominee elected as a director will hold office until the close of the next annual meeting of shareholders or until his successor is elected or appointed. The following is a summary of relevant biographical information of each director nominee.

Mr. Chicoine is the Executive Chairman of Crescita Therapeutics Inc., and he previously served as the Corporation's Chairman and Co-CEO between 2004 to 2016. Prior to 2004, Mr. Chicoine held various positions at senior levels at Magna International Inc. ("**Magna**") as well as at a private company. Mr. Chicoine is a graduate of the University of Toronto in commerce and is a Chartered Professional Accountant.

Mr. Copeland is a private business investor. He was the former President and Chief Operating Officer of Triam Automotive Inc. ("**Triam**"), an automobile parts supplier. Prior to this, Mr. Copeland was Chief Financial Officer of Magna and Chief Executive Officer of the Cosma Group of Magna. Mr. Copeland has been an advisor, investor and director in a number of private early stage companies since 1998. He is a Chartered Professional Accountant whose background includes a focus on business valuation and mergers and acquisitions.

Mr. Dobranowski is a private business investor. He retired from Magna, a global automotive parts supplier, in 2007. During his employment with Magna, Mr. Dobranowski was most recently a Vice President of Magna, and prior to that held various executive positions (Vice Chairman, President and CFO) at Tesma International Inc. ("**Tesma**"), a publicly traded Magna subsidiary. He was instrumental in the initial public offering of Tesma in 1995, and was involved in all aspects of Tesma's growth, with particular emphasis on financing, investor relations and M&A activity. Previous to that, Mr. Dobranowski held various senior management positions with other Magna companies. Mr. Dobranowski holds an MBA from the University of Toronto and is also a Chartered Professional Accountant.

Mr. Harris has over 35 years of pharmaceutical industry experience in both Canada and the United States in sales, marketing, business development and general management. Mr. Harris most recently served as President and CEO of Tribute. Prior to co-founding Tribute, Mr. Harris was the President & CEO of Legacy Pharmaceuticals Inc. Mr. Harris also has previous experience at Biovail Corporation where as VP of Business Development he was involved, led and successfully concluded numerous business development transactions, including the licensing of new chemical entities, the acquisition of mature products, the completion of co-promotion deals, distribution agreements, product development and reformulation transactions. Mr. Harris joined Biovail Corporation in 1997 as the General Manager of Biovail Pharmaceuticals Canada at a time when the company experienced rapid growth in the Canadian division. Before this, Mr. Harris worked in various senior commercial management positions during his twenty-year tenure at Wyeth (Ayerst) including its animal health group and has been involved in numerous product launches during his career. Mr. Harris also serves as a member of the Board of Directors of Origin House (CannaRoyalty Corp.) and was a former director at Tribute and Aralez.

Mr. London is a private business investor. He has over 30 years of experience managing a wide variety of public and private businesses. From 2005 to 2018, Mr. London held various executive positions with the Corporation including Vice Chairman (2005-2009), President and Co-CEO (2009-2016), President and CEO (2016-2017) and Executive Chairman (2017–2018). As of December 31, 2018, Mr. London resigned as a member of the Corporation's executive management team and assumed the role of non-executive Vice Chairman of the Board. Mr. London's prior positions include, President and Chief Executive Officer of PowerCart Systems Inc., a Canadian-based private company, Executive Vice President of Triam, Executive Vice-President, Secretary and General Counsel of Atoma International, Magna's interior systems group and Partner with the Toronto law firm of Strathy, Archibald and Seagram (now Gowling WLG). Mr. London is a graduate of the University of Western Ontario law school and holds a Masters of Law Degree from University College London.

Appointment of Auditors

At the Meeting, shareholders will be asked to appoint Ernst & Young LLP as the auditors of the Corporation (the "**Auditors**"), based on the recommendations of the Audit Committee and the Board. Ernst & Young LLP was appointed as the Auditors by the Audit Committee and the Board on August 9, 2012. The persons named in the accompanying form of proxy will, in the absence of specific instructions to withhold from voting on the proxy, vote for the appointment of Ernst & Young LLP as the Auditors of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and to authorize the Audit Committee of the Board to fix the Auditors' remuneration.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, other than as disclosed elsewhere in this Circular, no director or officer of the Corporation, any subsidiary or any insider, nominee director, shareholder owning more than ten percent of the Common Shares, or any associate or affiliate of any of the foregoing has had any interest in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF EXECUTIVE COMPENSATION

Under Form 51-102F6 in National Instrument 51-102 – *Continuous Disclosure Obligations*, the Corporation's Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and each of the three most highly compensated executive officers or other individuals acting in a similar capacity are termed Named Executive Officers ("**NEOs**") for whom the Corporation must disclose certain financial and other information relating to compensation. The NEOs of the Corporation for the year ended December 31, 2018 are: (i) John London; (ii) Jesse Ledger; (iii) Mary-Jane Burkett; (iv) Nicole Rusaw; (v) Katina Loucaides and (vi) Bernard Chiasson. Mr. Ledger is the Corporation's President and CEO and Ms. Burkett is the Corporation's CFO. Ms. Burkett was on a maternity leave for a portion of 2018 and was replaced by Ms. Rusaw, who is included as an NEO as the Corporation's Interim CFO during this period. Mr. London was the Corporation's Executive Chairman until he resigned from this position as of December 31, 2018. Ms. Loucaides is the Corporation's Vice President, Secretary & General Counsel and Dr. Chiasson is the Corporation's Vice President, Operations and Chief Scientific Officer.

Each of the executive officers of the Corporation has been engaged for more than five years in his or her present principal occupation or in other capacities with the corporation or organization (or predecessor thereof) in which he or she currently holds his or her principal occupation, with the exception of the following: Mr. Ledger was the Vice President, Business Development & International Business at Tribute until 2015; Ms. Rusaw was the CFO of Transition Therapeutics Inc. until September 2016; Dr. Chiasson was the Chief Scientific Officer at Tribute until October 2016 and Mr. London who is currently a private business investor having resigned from an executive role at the Corporation as of December 31, 2018.

Unless otherwise specifically stated, the information in this section is given as of, or in respect of the applicable period ending, December 31, 2018.

Compensation Discussion and Analysis

The Corporation's executive compensation program is administered by the Compensation, Corporate Governance and Nominating Committee, which was, in 2018, comprised entirely of independent directors. In 2018, the members of the Compensation, Corporate Governance and Nominating Committee were Jacques Messier, Anthony Dobranowski and Robert Harris. Dr. Messier will be resigning as a director as of June 24, 2019 and Mr. Harris was replaced as a member of the Compensation, Corporate Governance and Nominating Committee as of January 1, 2019 by Mr. London. The Board recognizes the importance of appointing knowledgeable and experienced individuals to this Committee. Thus, most members of the Compensation, Corporate Governance and Nominating Committee have significant experience in executive compensation and risk management as senior leaders of complex organizations or through their prior and current membership on the Compensation, Corporate Governance and Nominating Committee or other boards. For example, Dr. Messier has periodically participated in corporate governance courses and has served as a senior executive in a number of organizations that have reviewed executive compensation and management incentive plans; Mr. Dobranowski is a Canadian Chartered Professional Accountant, has participated in governance courses periodically and has served as a senior executive in a number of organizations that have reviewed executive compensation and management incentive plans; Mr. Harris has served as a senior executive and on boards where executive compensation and management incentives plans were reviewed and approved at the board level; and Mr. London is a member of the Law Society of Ontario and has served as a senior executive and on boards where executive compensation and management incentive plans have been reviewed.

The Compensation, Corporate Governance and Nominating Committee's mandate is set out in the Compensation, Corporate Governance and Nominating Committee Charter approved by the Board. Responsibilities included in the Compensation, Corporate Governance and Nominating Committee's mandate are to:

- develop a compensation structure for the Board and senior management, including salaries, annual and long-term incentive ("**LTI**") plans and plans involving share options, share issuances and share unit awards;

- review the compensation and performance of senior management at least annually, with a view to maintaining a compensation program for senior management at a fair and competitive level, consistent with the best interests of the Corporation; and

- periodically review the compensation of directors to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.

Additional information relating to the mandate of the Compensation, Corporate Governance and Nominating Committee is included under the heading "Statement of Corporate Governance" below.

In discharging its mandate, the Compensation, Corporate Governance and Nominating Committee has the authority to retain and receive advice from outside advisors. In 2010, the Compensation, Corporate Governance and Nominating Committee (then the Compensation and Corporate Governance Committee) engaged Radford Consulting ("**Radford**"), a consulting division of Aon Corporation ("**AON**"), to evaluate its executive compensation program and provide expert advice and recommendations to ensure that the Corporation's executive compensation program is competitive in the industry segment in which the Corporation participates. As shown in the table below, there were no consulting fees paid in 2017 and 2018 to executive compensation-related consultants.

	2017	2018
Executive Compensation-Related Fees	Nil	Nil
All Other Fees	Nil	Nil

a) Objective of Compensation Program

Within the Corporation, executive remuneration is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and long-term. Compensation is directly tied to both corporate and individual performance.

The level of remuneration, including annual and long-term compensation, for each NEO at this stage of the Corporation's development is determined by the level of responsibility, level of experience and the importance of the position to the Corporation, all with a view to being consistent with industry norms. Further, the Share Incentive Plan, including options to acquire Common Shares, is designed to give each optionee an interest in preserving and maximizing shareholder value in the long-term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. In the view of the Compensation, Corporate Governance and Nominating Committee, options and other LTIs, the value of which are related to the Corporation's share price, align the interests of executive officers with the long-term interests of shareholders. In determining the number of Common Shares subject to each option or other form of LTI, the Compensation, Corporate Governance and Nominating Committee gives consideration to the individual's present and potential contribution to the success of the Corporation.

The Board, in consultation with the Compensation, Corporate Governance and Nominating Committee, periodically identifies the principal risks of the Corporation's business and ensures the implementation of appropriate systems and controls to manage these risks. This would include risks associated with the Corporation's compensation practices, if any. The Corporation does not feel that its compensation practices would encourage an executive officer to take inappropriate or excessive risks, and no particular risks have been identified as arising from the Corporation's compensation practices that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation, Corporate Governance and Nominating Committee endeavors to design the compensation program to ensure that the executive officers do not take unnecessary and excessive risks that could harm the long-term value of the Corporation. The following components of the compensation program discourage the executive officers from taking unnecessary or excessive risks:

- Base salaries are sufficiently competitive and are not subject to performance risk.
- Compensation includes compensation based on achievement of a combination of short and long-term objectives approved by the Compensation, Corporate Governance and Nominating Committee and the Board.
- The vesting period of equity based LTI awards are preferably three years in length or longer, ensuring that executives remain exposed to the long-term risks of their decision making through unvested incentives.
- The annual incentive based awards and performance based equity awards are based on achieving objectives approved by the Compensation, Corporate Governance and Nominating Committee and the Board, thereby providing oversight to the total value of awards granted.

As discussed above, the Compensation, Corporate Governance and Nominating Committee originally retained Radford in 2010 to ensure that the Corporation's executive compensation program was competitive in the industry segment in which the Corporation participates. To this end, Radford, in collaboration with the Compensation, Corporate Governance and Nominating Committee, identified a number of companies in the life sciences industry in

Canada and the United States that at the time were comparable to the Corporation (the "**Comparator Group**"). The Comparator Group was based on a number of factors, including stage of drug development, market capitalization, revenue and number of employees as of 2010. Details of this group can be found in the Corporation's 2017 Management Information Circular dated April 5, 2017 which is available under the Corporation's profile at www.sedar.com.

In 2013, the Compensation, Corporate Governance and Nominating Committee formed a subcommittee (the "**Subcommittee**") to make recommendations to the Compensation, Corporate Governance and Nominating Committee and the Board respecting LTIs. The Subcommittee was of the opinion that an update to the Radford report and recommendations on executive compensation conducted in 2010 (the "**Radford Report**") might be helpful to the Subcommittee. The Subcommittee determined that it was in the best interests of the Corporation to not incur any external cost for evaluations by Radford for the 2013 year and, accordingly, requested that the finance department of the Corporation use publicly available information to a) update the compensation information from the Comparator Group and b) prepare an executive compensation comparison based on a new peer group of Canadian small cap life sciences companies ("**2012 Canadian Small Cap Companies**"). It was felt by the Compensation, Corporate Governance and Nominating Committee that the combination of these information sources would be helpful to the Subcommittee and the Compensation, Corporate Governance and Nominating Committee in developing recommendations for the Board for the Corporation's Canadian based executive management. The requested evaluation compared the 2012 Canadian Small Cap Companies to the compensation then being earned by the Corporation's executive management team in 2012. As described in the Corporation's 2017 Management Information Circular dated April 5, 2017, the 2012 Canadian Small Cap Companies consisted of a group Canadian companies in the life sciences industry that were listed on the Toronto Stock Exchange (the "**TSX**"), and was established based on a number of additional factors, including, as at the time of the assessment, the stage of drug development, market capitalization, revenue and number of employees in an effort to identify those small cap Canadian companies that were most similar to the Corporation at the time.

The Board, on the recommendation of the Compensation, Corporate Governance and Nominating Committee, has continued to use the same LTI benchmark data as in 2013 in reviewing executive management LTI awards, which is set out below.

CEO Role

	BOD Compensation Target based on 2010 Radford Report	Radford Peer Group Average 2012	New Canadian Peer Group Average 2012
Cash Compensation	$562,500	$723,324	$465,532
LTI Compensation	$241,700	$745,902	$324,851
Total Compensation	$804,200	$1,469,226	$790,383

Vice President & CFO Role

	BOD Compensation Target based on 2010 Radford Report	Radford Peer Group Average 2012	New Canadian Peer Group Average 2012
Cash Compensation	$326,200	$391,039	$300,600
LTI Compensation	$136,300	$291,916	$65,724
Total Compensation	$462,500	$682,955	$366,324

Ms. Mary-Jane Burkett was appointed Vice President and CFO on September 12, 2016. The Compensation, Corporate Governance and Nominating Committee used several benchmarking tools to determine Ms. Burkett's compensation, including an AON report that included a comparator group of Canadian and U.S. companies, information extracted from the Radford Life Sciences database of Canadian companies and a Canadian based peer group that consisted of the comparable companies listed in the following table ("**2016 Canadian Small Cap Companies**"). Ms. Burkett's compensation was set in 2016 taking into account these benchmarking tools and her experience.

2016 Canadian Small Cap Companies
ESSA Pharma Inc.
Cipher Pharmaceuticals Inc.
BioSyent Inc.
Merus Labs International Inc.
Profound Medical Corp.
IntelliPharmaCeutics International Inc.
Trillium Therapeutics Inc.
Transition Therapeutics Inc.

Mr. Jesse Ledger was appointed President on November 15, 2016. In 2016, the Compensation, Corporate Governance and Nominating Committee used several benchmarking tools to determine Mr. Ledger's compensation, including an AON report that included a comparator group of Canadian and U.S. companies, information extracted from the Radford Life Sciences database of Canadian companies and a Canadian based peer group that consisted of the 2016 Canadian Small Cap Companies. Mr. Ledger's compensation was set taking into account these benchmarking tools, his experience and his anticipated value to the Corporation given its strategy of diversification.

In 2017, the Compensation, Corporate Governance and Nominating Committee determined that it was in the best interests of the Corporation to not incur significant external costs for third party evaluations and, accordingly, similar to what was done in 2013, requested that the finance department of the Corporation use publicly available information to prepare an executive compensation comparison based on a new peer group of comparator companies ("**2017 Comparator Companies**"). Specifically, the finance department of the Corporation used proxy circular information available for the 2017 Comparator Companies to generate comparable data. The 2017 Comparator Companies consists of the following companies in the life sciences industry, and was established based on a number of factors, including but not limited to, location, stage of drug development, market capitalization, revenue, cash balance and number of employees, in an effort to identify those companies that were most similar to the Corporation:

2017 Comparator Companies
Acerus Pharmaceuticals Corporation
Achaogen, Inc.
Acura Pharmaceuticals, Inc.
Aurinia Pharmaceuticals Inc.
Bellus Health Inc.
BioSyent Inc.
Cardiome Pharma Corp.
Celsion Corporation
Cipher Pharmaceuticals Inc.
Concordia International Corp.
Cynapsus Therapeutics Inc.
Egalet Corporation
Fate Therapeutics, Inc.
GlycoMimetics, Inc.
Juniper Pharmaceuticals, Inc.
KalVista Pharmaceuticals, Inc.
Merus Labs International Inc.
Pernix Therapeutics Holdings, Inc.
Resverlogix Corp.
Theratechnologies Inc.
Transition Therapeutics Inc.
Tribute Pharmaceuticals Canada Inc.
Xenon Pharmaceuticals Inc.

Similar to 2017, in 2018 the Compensation, Corporate Governance and Nominating Committee determined that it was in the best interests of the Corporation to not incur significant external costs for third party evaluations and, accordingly referred to the work that was done by the Corporation's finance department using publicly available information for the 2017 Comparator Companies.

While benchmarking is not the sole methodology used by the Compensation, Corporate Governance and Nominating Committee in reaching its executive compensation decisions on an annual basis, the information obtained from the Radford Life Sciences database and comparator company groups as described above is helpful in determining whether the Corporation's executive compensation package is competitive and reasonable *vis a vis* the market. The Compensation, Corporate Governance and Nominating Committee believes that this process provides a suitable mechanism to ensure executive compensation remains competitive relative to the industry and facilitates timely adjustments to compensation packages to achieve the objectives of the compensation program. The Compensation, Corporate Governance and Nominating Committee also takes into account experience and value of the individual executive to the Corporation when reaching executive compensation decisions.

b) What the Compensation Program is Designed to Reward

Compensation plans and programs of the Corporation are designed so as to constitute adequate rewards for services and incentives for the senior management team to implement both short-term and long-term strategies aimed at creating economic value for the Corporation, increasing share value and balancing risk management. The Corporation utilizes an annual business planning process that identifies annual corporate and departmental goals which are reviewed and approved by the Board. The executive management team's performance, including the performance of the NEOs, is reviewed relative to achievement of these goals. The Corporation strives to ensure a strong link between compensation and performance in order to align the senior management team's interests with the interests of shareholders.

c) Elements of Compensation Program, Determination of Amounts for each Element, Rationale for Amounts of each Element

The major elements of the Corporation's executive compensation program are (i) base salary, (ii) annual incentive awards based on achieving corporate objectives approved by the Compensation, Corporate Governance and Nominating Committee and the Board ("**Corporate Objectives**") and, in the case of Ms. Burkett, Ms. Rusaw, Ms. Loucaides and Dr. Chiasson, personal objectives; and (iii) LTI awards, which consist of options issued pursuant to the Share Incentive Plan. Prior to the Reorganization (as defined below), LTI awards also included share appreciation rights ("**Share Appreciation Rights**" or "**SARs**"), which were historically awarded through the Corporation's Share Appreciation Rights Plan (the "**Share Appreciation Rights Plan**"). In addition, the Corporation provides the NEOs with a package of medical benefits, the cost of which is partially paid for by the NEOs, and a car allowance. The compensation policies and guidelines for the NEOs were developed, in part, with assistance from Radford and are reviewed and approved by the Compensation, Corporate Governance and Nominating Committee and the Board. The Board has discretion, at the end of each fiscal year, to increase, decrease, or defer the payment of any annual incentive awards that otherwise might be earned during the year based on achievement of Corporate Objectives taking into consideration movement in the stock price and the financial position of the Corporation when determining amounts payable, timing of payments as well as form of payment.

On March 1, 2016 (the "**Effective Date**"), Nuvo Research Inc. ("**Nuvo Research**") completed a transaction (the "**Reorganization**") pursuant to which Nuvo Research was reorganized into two separate publicly-traded companies; the Corporation and Crescita Therapeutics Inc. ("**Crescita**"). Detailed information regarding the Reorganization and its effects, including a description of certain risks and uncertainties in respect of the Reorganization and the operation of the Corporation and Crescita as separate publicly-traded companies, are included in the management information circular of Nuvo Research dated December 31, 2015 (the "**Reorganization Circular**") which is available under the Corporation's profile at www.sedar.com. In connection with the Reorganization, various elements of the Corporation's executive compensation program were amended with effect as of the Effective Date, including, among other things, the Share Incentive Plan and Share Appreciation Rights Plan. Copies of the amended and restated Share Incentive Plan and Share Appreciation Rights Plan are available under the Corporation's profile at www.sedar.com These amendments also are described in greater detail below.

COMPENSATION PHILOSOPHY

As described above, with the benefit of several benchmarking tools, the Compensation, Corporate Governance and Nominating Committee adopted the following compensation philosophy to govern pay decisions for the NEOs and other senior executives:

- To determine competitiveness of compensation, the compensation awarded to NEOs and other senior executives is compared to compensation for the companies included in the Radford Report, the update to the Radford Report in 2013, the report based on the 2016 Canadian Small Cap Companies, 2016 compensation information from the Radford Life Sciences database and 2017 Comparator Companies. Target pay positioning for the NEOs and other senior executives approximates:
  - Base Salary – 25th to 50th percentile
  - Annual Incentive Awards – 50th percentile
  - LTI Awards – 50th percentile

Base Salary

Salaries for the NEOs and other senior executives are paid within a salary range established on the basis of the level of responsibility of the executive relative to other positions in the Corporation as well as the experience and knowledge of the executive, with a view to market competitiveness. On the recommendation of Radford in 2010, the Compensation, Corporate Governance and Nominating Committee and the Board approved targeting a base salary for the NEOs between the 25th and 50th percentile of the Comparator Group. In 2018, the Compensation, Corporate Governance and Nominating Committee recommended the same target range to the Board as a benchmarking tool, and in addition, considered the individual executive's experience and value to the Corporation when making executive compensation decisions. In 2018, Mr. London's (former CEO and Executive Chairman) base salary increased by 8.4% to $450,000 as compared to 2017; however, it was determined as set forth below that for 2018 he would not be eligible to receive an annual incentive award. In 2018, in recognition of his promotion to President and CEO in November 2017, Mr. Ledger's base salary increased by 16.7% to $350,000 as compared to 2017. Ms. Burkett's base salary increased by 11.1% to $250,000 as compared to 2017. Ms. Burkett received a pro-rated base salary in 2018 upon return from a maternity leave. Ms. Rusaw was hired as Interim CFO in 2017 to replace Ms. Burkett while she was on maternity leave. In 2018, she received an annual salary of $200,000, while she was Interim CFO, which increased by 18.8% to $237,500 when her position changed to Vice President, Operations & Administration. In 2018, Ms. Loucaides' base salary increased by 7.3% to $295,000, as compared to 2017. Dr. Chiasson was hired on August 14, 2017 on a part-time basis and became a full-time employee on January 1, 2018. He receives a base salary of $287,500.

Annual Incentive Awards

The Corporation's executive compensation program provides the NEOs and other key employees with the opportunity to earn annual incentive awards based on achieving Corporate Objectives, in the case of Mr. Ledger; and a combination of Corporate Objectives and personal objectives in the case of Ms. Burkett, Ms. Rusaw, Ms. Loucaides and Dr. Chiasson. As Executive Chairman, Mr. London was not eligible to receive an annual incentive award for 2018. Annual incentive awards are designed to increase alignment with the Corporation's short-term strategic and operational goals.

The Corporate Objectives for 2018 were established by the Compensation, Corporate Governance and Nominating Committee and the Board. They included 3 objectives which were weighted equally at 40%, 40% and 20%, respectively for Mr. Ledger; and 30%, 30% and 15% for Ms. Burkett, Ms. Rusaw, Ms. Loucaides and Dr. Chiasson. The first objective was related to the Corporation's out-licensing initiatives for the Corporation's products ("**Objective One**"), including for Resultz® and Pennsaid® 2%; the second objective was related to the Corporation's strategy to diversify the Corporation's business ("**Objective Two**"); and the third objective was related to capital market coverage ("**Objective Three**") (collectively making up the Corporate Objectives). The payment for attainment of the Corporate Objectives was subject to a multiplier based on financial and share performance factors ("**Financial Performance Multiplier**"). The Board exercised its discretion and a Financial Performance Multiplier was not applied to the Corporate Objectives in respect of 2018. The annual incentive plan was approved by the Board on March 22, 2018 as recommended by the Compensation, Corporate Governance and Nominating Committee.

The personal objectives were approved by the Compensation, Corporate Governance and Nominating Committee and the Board and aligned with the Corporate Objectives. Ms. Burkett's personal objectives related to a transactional matter, Ms. Rusaw's personal objectives related to human resource matters and policies, Ms. Loucaides' personal objectives related to licensing transition matters and Dr. Chiasson's personal objectives related to regulatory matters.

Based on the Radford Report, participating NEOs are assigned a target bonus (as a percentage of base salary) based on their responsibility level and a benchmark at the 50th percentile of the Comparator Group. For 2018, the Compensation, Corporate Governance and Nominating Committee considered the Radford Report, the update to the Radford Report in 2013, the report based on the 2016 Canadian Small Cap Companies and the 2017 Comparator Companies and determined that this structure should not change and the Board approved a target bonus range for the NEOs between 40% and 50% of base salary. The exception to this target range was for Ms. Rusaw, who's target range is 30%, as she is holding a contract position.

For 2018, the Corporation fully met Objective Two related to the Corporation's strategy to diversify the Corporation's business. The Corporation did not meet Objective One or Objective Three. As mentioned above, a Financial Performance Multiplier was not applied to the Corporate Objectives in respect of 2018. Each of Ms. Burkett, Ms. Rusaw, Ms. Loucaides and Dr. Chiasson fully met their personal objectives. The total award earned based on Corporate Objective achievement for 2018 in the case of Mr. Ledger; and a combination of Corporate Objectives and personal objectives in the case of Ms. Burkett, Ms. Rusaw, Ms. Loucaides and Dr. Chiasson was as follows: 40% of 50% of his base salary for Mr. Ledger; 55% of 40% of their base salary for each of Ms. Burkett, Ms. Loucaides and Dr. Chiasson; and 55% of 30% of her base salary for Ms. Rusaw. As mentioned, Ms. Burkett's award was based on her pro-rated base salary earned in 2018 upon return from a maternity leave.

Long-term Incentive Awards

The Corporation's LTI awards are granted through the Corporation's Third Amended and Restated Share Incentive Plan (the "**Share Incentive Plan**") and consist of options granted through a share option plan (the "**Share Option Plan**") and historically, share appreciation rights that were granted through the Corporation's Share Appreciation Rights Plan. In 2013, a Subcommittee was formed to make recommendations to the Compensation, Corporate Governance and Nominating Committee and the Board in respect of LTI awards. In making its recommendation, the Subcommittee considered the Radford Report, the update to the Radford Report in 2013 and the report based on the 2012 Canadian Small Cap Companies and determined it was appropriate to use the 2010 recommendations by Radford. In 2018, the Board, on the recommendation of the Compensation, Corporate Governance and Nominating Committee, used the same LTI framework as in 2013 in reviewing executive management LTI awards and granted LTI awards to the NEOs in the form of share options, as described below.

(a) Share Incentive Plan

The Share Incentive Plan consists of the Share Option Plan, a share bonus plan (the "**Share Bonus Plan**") and a share purchase plan (the "**Share Purchase Plan**"). The Board believes that the Share Incentive Plan is a key component of compensation and seeks to integrate compensation incentives with the development and successful execution of strategic and operating plans. The Corporation's Share Incentive Plan is designed to support the achievement of the Corporation's performance objectives and to ensure that the NEOs' interests are aligned with the long-term success of the Corporation. The Share Incentive Plan is administered by the Board based on recommendations of the Compensation, Corporate Governance and Nominating Committee.

As the Share Incentive Plan is a "rolling and reloading plan" (being a plan whereby the maximum number of securities issuable is set as a fixed percentage of the issuer's outstanding securities from time to time and that provides for the replenishment of the number of securities reserved when awards are exercised), the TSX requires that it, along with any unallocated options, rights or other entitlements receive shareholder approval at the Corporation's annual meeting every three years. The Share Incentive Plan last received shareholder approval at the Corporation's annual meeting on May 11, 2017. Accordingly, unless securityholder approval is obtained, all unallocated options, rights or other entitlements will be cancelled as of May 11, 2020.

The maximum number of Common Shares that may be issued under the Share Incentive Plan is a fixed maximum percentage of 15% of the outstanding Common Shares from time to time (being 1,708,242 Common Shares as of December 31, 2018 based on the number of Common Shares then outstanding); provided that the maximum number of Common Shares that may be issued under the Share Bonus Plan will not exceed 344,615 Common Shares (which is equal to 3% of the number of Common Shares outstanding immediately following the completion of the Reorganization). As of December 31, 2018, there were a total of 1,188,763 options outstanding, representing approximately 10.4% of the issued and outstanding Common Shares. As of December 31, 2018, there were 519,479 options remaining available for grant under the Share Incentive Plan, representing approximately 4.56% of the issued and outstanding Common Shares.

The following table sets forth the annual burn rate, calculated in accordance with the rules of the TSX, in respect of the Share Incentive Plan for each of the three most recently completed financial years:

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Number of Common Shares granted under the Share Incentive Plan	276,428	368,564	213,490
Weighted Average of outstanding Common Shares	11,442,859	11,547,247	11,455,202
Annual Burn Rate(1)	2.42%	3.19%	1.86%

Notes:

(1) The annual burn rate is calculated as follows and expressed as a percentage:
Number of securities granted under the specific plan during the applicable fiscal year
÷
Weighted average number of securities outstanding for the applicable fiscal year

The Board has the absolute discretion to amend, modify and change the provisions of the Share Incentive Plan or any options granted pursuant to the Share Incentive Plan, without shareholder approval, provided that any amendment, modification or change to the provisions of the Share Incentive Plan or any options granted pursuant to the Share Incentive Plan which would:

(a) materially increase the benefits under the Share Incentive Plan or any options granted pursuant to the Share Incentive Plan;

(b) increase the number of Common Shares, other than in certain circumstances, which may be issued pursuant to the Share Incentive Plan; or

(c) materially modify the requirements as to eligibility for participation in the Share Incentive Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation if required by the TSX and any other regulatory authority having jurisdiction over the securities of the Corporation. Any amendment, modification or change of any provision of the Share Incentive Plan or any options granted pursuant to the Share Incentive Plan shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

Share Option Plan

Under the Share Option Plan, options for the purchase of Common Shares may be granted to officers, employees, consultants and directors of the Corporation and designated affiliates. Options are granted at the discretion of the Board (provided that the aggregate number of Common Shares reserved for issuance to any one person upon the exercise of options shall not exceed 5% of the issued and outstanding Common Shares). To the extent options have been exercised, terminated or surrendered, new options may be granted in respect thereof. In determining the number of Common Shares subject to each option, consideration is given to the individual's recent and potential contribution to the success of the Corporation and its affiliates and the number and timing of options previously granted to the individual. The exercise price per share may not be less than the closing price of the Common Shares trading on the TSX on the last trading day immediately preceding the day the option is granted. Each option has a term of not more than ten years, and, unless otherwise agreed to by the Board, becomes exercisable as to 33.3% of the Common Shares subject to it, on a cumulative basis, at the end of each of the first, second and third years following the date of grant. If a participant (a "**Participant**") in the Share Option Plan were to die, any option held by such Participant at the date of his or her death shall become immediately exercisable and shall be exercisable by the person to whom the rights of the option shall pass in accordance with the terms of the Participant's will. No rights under the Share Option Plan and no option awarded pursuant thereto are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution. If a Participant ceases to be a director, consultant or employee of the Corporation, as the case may be, for any reason (other than death) (such event being a "**Termination**"), except as otherwise provided in an employment contract, consulting agreement or directors' resolution, such Participant may, but only within 60 days following Termination, exercise his or her options to the extent such Participant was entitled to exercise such options at the date of such Termination.

On the recommendation of the Radford Report, the Compensation, Corporate Governance and Nominating Committee and the Board have determined that, generally, options granted to the NEOs under the Share Incentive Plan shall have a term of 10 years, shall have an exercise price equal to the closing price of the Common Shares on the TSX on the day immediately prior to the date of the grant and shall vest as follows: one quarter on January 1 of the first year following the grant; one quarter on January 1 of the second year following the grant; one quarter on January 1 of the third year following the grant; and one quarter on January 1 of the fourth year following the grant (notwithstanding the general vesting schedule provided in the Share Option Plan described above). The Board has the discretion to vary, and on occasion has varied, the vesting period and the exercise price of options granted to NEOs under the Share Incentive Plan.

As part of the Reorganization, each outstanding option to purchase a Nuvo Research common share (an "**Original Nuvo Option**") as of the Effective Date was exchanged for (a) one option granted by the Corporation to purchase one Common Share (a "**Post-Reorganization Nuvo Option**"); and (b) one option granted by Crescita to purchase one Crescita common share (a "**Crescita Reorganization Option**"). The original exercise price of each Original Nuvo Option exchanged pursuant to the Reorganization was divided between the Post-Reorganization Nuvo Option and the Crescita Reorganization Option acquired by the holder thereof in exchange for such Original Nuvo Option.

Except as noted above and in the Reorganization Circular, the Post-Reorganization Nuvo Options received by a holder of Original Nuvo Options in connection with the Reorganization have substantially the same terms as those of the Original Nuvo Options for which they were exchanged, including their vesting schedule and the term during which they may be exercised. For purposes of the Share Option Plan, the Post-Reorganization Nuvo Options were deemed to be a continuation of the earlier granted Original Nuvo Option for which they were exchanged, as opposed to a new grant of options. Notwithstanding the requirements of the Share Option Plan, each holder of an Original Nuvo Option at the time of the Reorganization that, in connection with the Reorganization, became a director, officer, employee or consultant of Crescita or one of its designated affiliates shall be permitted, for so long as he or she remains a director, officer, employee or consultant, as applicable, of Crescita or one of its designated affiliates, to hold and exercise his or her Post-Reorganization Nuvo Options received as part of the Reorganization in accordance with their terms as though he or she remained a director, officer, employee or consultant, as applicable, of the Corporation or its designated affiliates eligible to participate in the Share Option Plan. If any such holder at any time is no longer a director, officer, employee or consultant of any of the Corporation, Crescita or any of their respective designated affiliates, he or she shall be treated for purposes of the Share Option Plan as having ceased to be so employed or engaged with the Corporation and its designated affiliates and the rights under his or her Post-Reorganization Nuvo Options shall be affected accordingly.

Share Bonus Plan

The Share Bonus Plan permits Common Shares to be issued by the Corporation as a discretionary bonus to the officers, certain employees and directors of the Corporation, as well as designated affiliates. Persons who perform services for the Corporation are also eligible to receive shares in lieu of cash compensation. The vesting provisions for the Common Shares granted pursuant to the Share Bonus Plan shall be determined by the Board at the time of grant.

Share Purchase Plan

The officers and certain employees of the Corporation or designated affiliates thereof are entitled to contribute up to 10% of their annual base salary to the Share Purchase Plan. The Corporation matches each participant's contribution by issuing Common Shares, having a value equal to the aggregate amount contributed by the participating employee, to such participating employee. Common Shares are issued under the Share Purchase Plan at the weighted average price of the Common Shares on the TSX for the calendar quarter in respect of which such Common Shares are being issued. If a participant ceases to be employed by, or provide service to, the Corporation or its affiliates, any portion of the participant's contribution that has not been used to acquire Common Shares shall be paid to the participant, any portion of the Corporation's contribution that has not been used to acquire Common Shares shall be paid to the Corporation, and any Common Shares held by the Corporation for the benefit of the participant shall be released to the participant in accordance with the terms of the Share Purchase Plan.

(b) Share Appreciation Rights Plan

Following the Reorganization, no additional Share Appreciation Rights may be granted under the Share Appreciation Rights Plan. The Share Appreciation Rights Plan remains in force for the purposes of administering the Post-Reorganization Nuvo SARs (as defined below). The Share Appreciation Rights Plan is administered by the Board (or a committee thereof as delegated by the Board). Except as described below, if a participant in the Share Appreciation Rights Plan ceases to be a director, employee or otherwise engaged by the Corporation (for any reason, including death), there shall be an automatic acceleration of vesting of a pro rata portion of the participant's Share Appreciation Rights based on a formula set out in the Share Appreciation Rights Plan that takes into account the period of time from the grant of the Share Appreciation Rights to the date of termination.

As part of the Reorganization, each outstanding share appreciation right of Nuvo Research (an "**Original Nuvo SAR**") as of the Effective Date was exchanged for (a) one share appreciation right of the Corporation (a "**Post-Reorganization Nuvo SAR**") that entitles the holder thereof to receive, within 30 days following the applicable vesting date, at the option of the holder, either (i) a cash payment equal to the amount, if any, by which the fair market value of one Common Share on the vesting date exceeds the portion of the original grant price of such Original Nuvo SAR allocated to the Post-Reorganization Nuvo SAR, or (ii) Common Shares with a value on the vesting date equal to the cash amount determined under (i); and (b) one share appreciation right of Crescita (a "**Crescita Reorganization SAR**") that entitles the holder thereof to receive, within 30 days following the applicable vesting date, at the option of the holder, either (i) a cash payment equal to the amount, if any, by which the fair market value of one Crescita common share on the vesting date exceeds the portion of the original grant price of such Original Nuvo SAR allocated to the Crescita Reorganization SAR, or (ii) Crescita common shares with a value on the vesting date equal to the cash amount determined under (i). The original grant price of each outstanding Original Nuvo SAR exchanged pursuant to the Reorganization was divided between the Post-Reorganization Nuvo SAR and the Crescita Reorganization SAR acquired by the holder thereof in exchange for such Original Nuvo SAR.

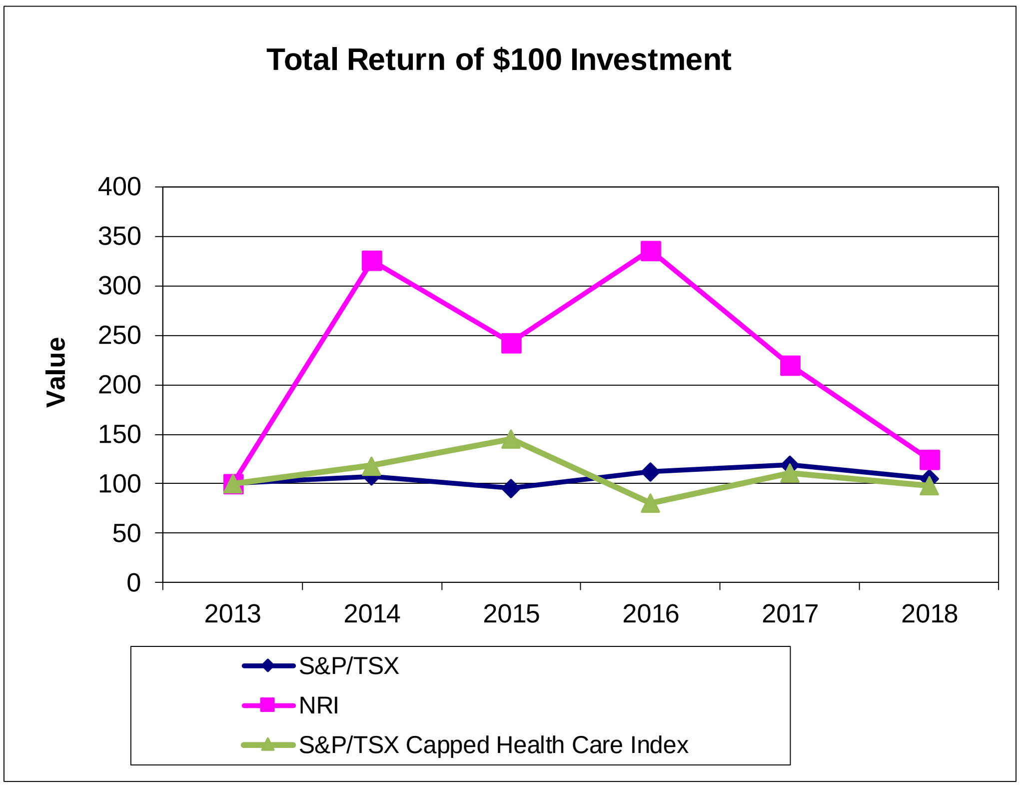
Except as noted above and in the Reorganization Circular, the Post-Reorganization Nuvo SARs received by a holder of Original Nuvo SARs in connection with the Reorganization have substantially the same terms as those of the Original Nuvo SARs for which they were exchanged, including their vesting schedule. For purposes of the Share Appreciation Rights Plan, the Post-Reorganization Nuvo SARs were deemed to be a continuation of the earlier granted Original Nuvo SARs for which they were exchanged, as opposed to a new grant of share appreciation rights. Notwithstanding the requirements of the Share Appreciation Rights Plan, each holder of an Original Nuvo SAR at the time of the Reorganization that, in connection with the Reorganization, became a director, officer, employee or consultant of Crescita or one of its designated affiliates shall be permitted, for so long as he or she remains a director, officer, employee or consultant, as applicable, of Crescita or one of its designated affiliates, to hold his or her Post-Reorganization Nuvo SARs received as part of the Reorganization in accordance with their terms as though he or she remained a director, officer, employee or consultant, as applicable, of the Corporation or its designated affiliates eligible to participate in the Share Appreciation Rights Plan. If any such Post-Reorganization Nuvo SARs holder at any time is no longer a director, officer, employee or consultant of any of the Corporation, Crescita or any of their respective designated affiliates, he or she shall be treated for purposes of the Share Appreciation Rights Plan as having ceased to be so employed or engaged with the Corporation and its designated affiliates and the rights under his or her Post-Reorganization Nuvo SARs shall be affected accordingly.

(c) Deferred Share Unit Employee Plan ("DSU Employee Plan")

Prior to the Reorganization, the Corporation had the DSU Employee Plan, a share-based compensation plan for employees. As part of the Reorganization, all of the DSUs outstanding immediately prior to the effective time of the Reorganization were ultimately exchanged for a number of Common Shares equal to the number of DSUs so exchanged (net of applicable withholdings). The DSU Employee Plan was terminated as of the Effective Date and no additional DSUs may be granted thereunder.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Common Shares from January 1, 2014 to December 31, 2018, with the cumulative total return of the S&P/TSX Composite Index during the same period, assuming a $100 initial investment on January 1, 2014 (and the re-investment of any dividends).



Year	**$**	**2014 $**	**2015 $**	**2016 $**	**2017 $**	**2018 $**
S&P/TSX Composite Index	100	107	96	112	119	105
S&P/TSX Capped Health Care Index	100	118	145	80	111	98
NRI	100	326	242	336	220	125

The trend shown by the above performance graph demonstrates an increase in cumulative shareholder return from January 1, 2014 through to December 31, 2018. For the purpose of this graph, it has been assumed that, upon completion of the Reorganization, the Crescita shares received by Nuvo shareholders were sold on the first day of trading and that the proceeds were reinvested in shares of Nuvo on that day. The value of the Crescita shares were determined using the "Butterfly Proportion" allocated to Crescita shares as described in the Reorganization Circular.

During this five-year period, base salary compensation to the NEOs was frozen in 2013 and 2014. In 2015, the Corporation granted modest base salary increases based on changes in inflation. In 2016, base salary compensation was frozen. In 2017, base salary compensation was increased for certain employees as described in the Corporation's Management Information Circular dated March 29, 2018 which is available on the Corporation's profile at www.sedar.com, and, in 2018, base salary compensation increased for certain employees as described above in the section entitled "*Compensation Philosophy – Base Salary*" of this Circular. While a portion of the compensation received by NEOs is subject to the performance of the Common Shares on the TSX, including with respect to each NEO's participation in the Share Incentive Plan and Share Appreciation Rights Plan, the determination of NEO compensation is not solely determined with reference to total shareholder return and is subject to a number of other factors (as described in more detail in this Circular). Accordingly, the total compensation of each NEO is not directly correlated to the performance of the Common Shares on the TSX over the past five years. In the life sciences industry, and particularly in drug development, shareholder returns are typically created by the achievement of certain preclinical, clinical, regulatory approval and commercialization milestones. The Corporation's most significant milestones in its history occurred on November 5, 2009, when the U.S. Food and Drug Administration (the "**FDA**") advised the Corporation it approved the New Drug Application for the sale and marketing of Pennsaid® in the United States and on June 15, 2009, when the Corporation entered into a U.S. License and Development Agreement with Mallinckrodt, Inc., a subsidiary of Covidien, for Pennsaid® and Pennsaid® 2%. Another significant milestone in the Corporation's history occurred in 2014, when the FDA approved the New Drug Application for the sale and marketing of Pennsaid® 2% in the United States in January 2014; the Corporation settled its litigation with Mallinckrodt, Inc., the Corporation's U.S. marketing partner for Pennsaid® and Pennsaid® 2%, in September 2014; and the Corporation sold the U.S. Rights to Pennsaid® 2% to Horizon Pharma plc in October 2014. Events in 2016 that influenced the Corporation's share price included the results of the Corporation's Phase 2 clinical trials to investigate the safety and efficacy of WF10 in patients with refractory allergic rhinitis. WF10 transferred to Crescita pursuant to the Reorganization. Events in 2017 and early 2018 that influenced the Corporation's share price included the results of the Corporation's Phase 2 clinical trials to investigate Pennsaid® 2% in patients with grade I or II ankle sprains and the Corporation's acquisition of the worldwide rights to Resultz® product from Piedmont Pharmaceuticals Inc. An additional significant event that occurred on December 31, 2018 was the completion of the acquisition of a portfolio of more than 20 revenue-generating products from Aralez, including Cambia®, Blexten® and the Canadian distribution rights to Resultz, and the acquisition of the worldwide rights and royalties from licensees for Vimovo®, Yosprala® and global, ex-U.S. product rights to Treximet® (the "**Aralez Transaction**"). The Corporation satisfied the purchase price through funding provided by certain funds managed by Deerfield Management Company, L.P., a leading, global, healthcare-specialized investor.

Hedging of Equity-Based Compensation

While the Corporation does not have a specific policy against it, to the Corporation's knowledge, NEOs and directors do not purchase financial instruments designed to hedge or offset a decrease in the market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the NEO or director.

Summary Compensation Table

The following table sets forth the annual compensation, including total compensation, for the financial years ended December 31, 2018, 2017 and 2016 for each of the NEOs of the Corporation.

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		All other compensation ($)	Total compensation ($)
					Annual incentive plans[3]	Long-term incentive plans		
John London Former Executive Chairman and Former CEO[8]	2018 2017 2016	450,000 413,185 405,563	Nil Nil Nil	14,000[1] 331,052 280,951	Nil 103,750[5] 135,052[5]	Nil Nil Nil	15,000[4] 15,000[4] 15,000[4]	479,000 862,987 836,566
Jesse Ledger President and CEO[8]	2018 2017 2016	350,000 292,308 170,231	Nil Nil Nil	107,263[1] 254,655 82,994	69,808[5] 60,000[5] 36,333[5]	Nil Nil Nil	14,400[4] 14,400[4] 10,800[4]	541,471 621,363 300,358
Mary-Jane Burkett Vice President and CFO[9]	2018 2017 2016	88,942 156,154 157,692	Nil Nil Nil	14,484[2] 178,258 16,851	20,096[6] 31,231[6,13] 31,230[6]	Nil Nil Nil	5,262[4] 10,021[4] 4,708[4]	128,784 375,664 210,481
N. Nicole Rusaw Interim CFO[10]	2018 2017 2016	208,654 80,000 N/A	Nil Nil N/A	11,394[1] Nil N/A	34,428[6] 16,675[5] N/A	Nil Nil N/A	39,400[4,12] 5,997[4] N/A	293,876 102,672 N/A
Bernard Chiasson Vice President, Operations and CSO[7]	2018 2017 2016	287,500 87,425 N/A	Nil Nil N/A	53,631[1] 49,446 N/A	62,837[5] 17,485[7] N/A	Nil Nil N/A	14,400[4] 4,602[4] N/A	418,368 158,958 N/A
Katina K. Loucaides Vice President, Secretary and General Counsel[11]	2018 2017 2016	289,615 260,750 41,854	Nil Nil Nil	53,631[1] 203,726 41,201	63,715[5] 55,000[5] 13,413[5]	Nil Nil Nil	14,400[4] 14,400[4] 2,000[4]	421,361 533,876 98,468

Notes:

(1) The values of stock options awarded in 2018 are the estimated fair values on the date of grant calculated using the Black-Scholes option pricing model, which appears to be standard among public companies, pursuant to International Financial Reporting Standard 2, with the following assumptions:

	Options
Grant Date	Mar 28, 2018
Risk-free interest rate	1.74 -2.14%
Dividend Yield	Nil
Expected volatility of share price	34 - 66
Expected life	1 – 7 years
Forfeiture rate	7%
Common share price	$3.55
Fair value of option	$0.63 - $2.29

The stock options granted in 2018 vest 25% on each of January 1, 2019, 2020, 2021 and 2022 with the exception of Ms. Rusaw's options which fully vest on September 30, 2018, which is the end of her employment contract. As of the date hereof, the stock options issued are not "in-the-money".

(2) The values of stock options awarded in 2018 are the estimated fair values on the date of grant calculated using the Black-Scholes option pricing model, which appears to be standard among public companies, pursuant to International Financial Reporting Standard 2, with the following assumptions:

	Options
Grant Date	Oct 3, 2018
Risk-free interest rate	2.39%
Dividend Yield	Nil
Expected volatility of share price	58 - 64
Expected life	5 – 7 years
Forfeiture rate	7%
Common share price	$2.88
Fair value of option	$1.53 - $1.80

The stock options granted in 2018 vest 25% on each of January 1, 2019, 2020, 2021 and 2022. As of the date hereof, the stock options issued are not "in-the-money".

(3) Represents a bonus which was approved for payment relating to the respective calendar year performance.

(4) Represents payment received as an annual car allowance.

(5) Represents the annual incentive award based on achievement of the Corporate Objectives and, in certain cases, other objectives as established and assessed by the Board.

(6) Ms. Burkett started a maternity leave in 2017 and returned to work in 2018. Her 2017 and 2018 annual incentive award was based on a pro-rated annual salary. In 2016, a target bonus range of 15% was set on departmental Objectives related to her position as Corporate Controller and her base salary prorated for six months as Corporate Controller, and 30% was set using the Corporate Objectives and her base salary prorated for six months as Vice President and CFO.

(7) Dr. Chiasson was hired by the Corporation on August 14, 2017, and, in 2017, his annual incentive award was pro-rated accordingly.

(8) On November 21, 2017, Mr. Ledger was appointed President and CEO, and Mr. London became the Corporation's Executive Chairman. Mr. London resigned as Executive Chairman on December 31, 2018 and was appointed non-executive Vice Chairman of the Board. Mr. Ledger was hired by the Corporation on April 1, 2016 as Vice President, Business Development and was appointed President on November 15, 2016.

(9) Ms. Burkett began maternity leave as of September 2017 and her compensation was suspended until her return in 2018. Effective September 12, 2016, Ms. Burkett was appointed Vice President and CFO. Prior to this appointment, she was employed by the Corporation as Controller.

(10) Ms. Rusaw was appointed Interim CFO in September 2017 to replace Ms. Burkett during her maternity leave.

(11) Ms. Loucaides resigned from the Corporation on March 1, 2016 and was rehired by the Corporation on January 9, 2017.

(12) Ms. Rusaw received a $25,000 "Completion of Term" bonus payment.

(13) Ms. Burkett's 2017 bonus was assessed and paid in 2018 upon her return from a maternity leave.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table indicates for each of the NEOs all awards outstanding at the end of the 2018 financial year.

	Option-based awards					Share-based awards		
Name	**Number of securities underlying unexercised options / SARs (#)**	**Option / SAR exercise price ($)**	**Option / SAR grant date**	**Option / SAR expiration date**	**Value of unexercised in-the-money options or SARs[4] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share awards that have not vested ($)**	**Market or payout value of vested share awards not paid out ($)**
John London Former Executive Chairman and Former CEO [1]	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	92,408	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	102,537	5.42	Mar 23, 2016	Mar 23, 2026	Nil			
	17,193	5.63	Jan 7, 2015	Jan 1, 2019	Nil			
	59,158	2.65	May 6, 2014	May 6, 2024	Nil			
	44,368	5.08	Mar 29, 2012	Mar 29, 2022	Nil			
	8,812	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
	16,608	11.18	June 16, 2010	June 16, 2020	Nil			
						Nil	Nil	Nil
Jesse Ledger President and CEO[1]	50,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	71,083	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	33,825	5.42	Mar 23, 2016	Mar 23, 2026	Nil			
						Nil	Nil	Nil
Mary-Jane Burkett Vice President and CFO[2]	8,500	2.88	Oct 3, 2018	Oct 3, 2028	Nil			
	49,758	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	6,150	5.42	Mar 23, 2016	Mar 23, 2026	Nil			
						Nil	Nil	Nil
N. Nicole Rusaw Interim CFO[3]	18,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
						Nil	Nil	Nil
Bernard Chiasson Vice President, Operations and CSO	25,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	21,720	3.80	Nov 7, 2017	Nov 7, 2027	Nil			
						Nil	Nil	Nil

Katina K. Loucaides Vice President, Secretary and General Counsel	25,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	56,867	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	15,037	5.42	Mar 23, 2016	Mar 23, 2026	Nil			
	8,404	5.63	Jan 7, 2015	Jan 1, 2019	Nil			
	28,918	2.65	May 6, 2014	May 6, 2024	Nil			
	8,792	5.08	Mar 29, 2012	Mar 29, 2022	Nil			
	1,736	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
	3,288	11.18	June 16, 2010	June 16, 2020	Nil			
						Nil	Nil	Nil

Notes:
(1) On November 21, 2017, Mr. Ledger was appointed President and CEO and Mr. London became the Corporation's Executive Chairman. Mr. London resigned as the Corporation's Executive Chairman on December 31, 2018.
(2) Ms. Burkett returned from a maternity leave in September 2018.
(3) Ms. Rusaw was appointed Interim CFO in September 2017 to replace Ms. Burkett during her maternity leave.
(4) Value of unexercised in-the-money options and SARs determined at December 31, 2018.

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

The following table indicates for each of the NEOs the value on vesting of all awards (had they been exercised on the vesting date) during the 2018 financial year.

Name	**Option-based awards – Value during the year on vesting ($)**	**Share-based awards – Value during the year on vesting ($)**	**Non-equity incentive plan compensation – Value earned during the year(2) ($)**
John London	15,530	23,286(1)	Nil
Jesse Ledger	Nil	Nil	Nil
Mary-Jane Burkett	Nil	Nil	Nil
N. Nicole Rusaw	Nil	Nil	Nil
Bernard Chiasson	Nil	Nil	Nil
Katina K. Loucaides	7,592	11,383(1)	Nil

Notes:
(1) Includes amounts paid by the Corporation for the settlement of Share Appreciation Rights that vested January 1, 2018.
(2) This information appears in the table on pages 22-23.

Securities Authorized for Issuance Under Equity Compensation Plans

	Number of securities to be issued upon the exercise of outstanding options (000s) (a)	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under the equity compensation plan (excluding securities reflected in Column (a))(1) (000s)
Equity compensation plans approved by Shareholders	1,189	4.64	519
Equity compensation plans not approved by Shareholders	Nil	Nil	Nil

Notes:

(1) The maximum number of Common Shares that may be issued under the Share Incentive Plan is a fixed maximum percentage of 15% of the Corporation's outstanding Common Shares from time-to-time. The allocation of such maximum percentage among the Share Option Plan, Share Bonus Plan and Share Purchase Plan will be determined by the Board (or a committee thereof) from time to time (provided that the maximum number of Common Shares that may be issued under the Share Bonus Plan will not exceed a fixed number of Common Shares equal to 3% of the number of Common Shares outstanding immediately following the completion of the Reorganization). As the Share Incentive Plan is a "rolling and reloading plan", the TSX requires that it, along with any unallocated options, rights or other entitlements receive shareholder approval at the Corporation's annual meeting every three years.

Employment Agreements

John London joined the Corporation's management team as Vice Chairman in 2004 and on December 1, 2009 was appointed President and Co-Chief Executive Officer. On December 17, 2004, the Board, on the recommendation of the Compensation, Corporate Governance and Nominating Committee (then the Compensation and Corporate Governance Committee), approved terms of employment that were incorporated into an employment agreement dated April 29, 2005 between the Corporation and Mr. London. This agreement was amended with approval of the Compensation, Corporate Governance and Nominating Committee on June 17, 2010 to reflect the recommendations by Radford. The employment agreement for Mr. London was stated to be effective December 1, 2004. Mr. London's position changed from President and Co-CEO to President and CEO effective March 1, 2016, it then changed to CEO effective November 15, 2016, when Mr. Jesse Ledger was appointed President, and it changed again to Executive Chairman on November 21, 2017, when Mr. Ledger was appointed President and CEO of the Corporation. Mr. London resigned as Executive Chairman of the Corporation as of December 31, 2018.

Under the terms of his employment agreement, if Mr. London was terminated for cause in 2018, he would not have been entitled to any payment or compensation from the Corporation. If he was terminated without cause, he would have been entitled to receive a retiring allowance equal to twelve months of his base salary and automobile allowance payable either in a lump sum or in twelve equal monthly installments commencing within thirty days after the day of termination. As at December 31, 2018, the payout would have been $465,000. Upon a change of control, any options, rights, warrants or other entitlements for the purchase or acquisition of shares in the Corporation that were not then exercisable would have been fully vested and accelerated so that they become immediately exercisable for 180 days. As of December 31, 2018, Mr. London received an annual base salary of $450,000 and an annual car allowance of $15,000. He resigned as Executive Chairman as of December 31, 2018 and no longer receives a base salary nor an automobile allowance.

The Corporation has also entered into employment agreements with its other NEOs including: Mr. Jesse Ledger, the Corporation's President and CEO, Ms. Mary-Jane Burkett, the Corporation's Vice President and Chief Financial Officer, Ms. Nicole Rusaw, the Corporation's Interim Chief Financial Officer, Ms. Katina Loucaides, the Corporation's Vice President, Secretary and General Counsel, and Dr. Bernard Chiasson, the Corporation's Vice President, Operations and Chief Scientific Officer.

Under the terms of Mr. Ledger's employment agreement, if terminated for cause, he will not be entitled to any payment or compensation from the Corporation. If the Corporation terminates Mr. Ledger without cause, he will be entitled to receive a retiring allowance equal to twelve months of his base salary and an automobile allowance payable either in a lump sum or in twelve equal monthly installments commencing within thirty days after the day of termination. As at December 31, 2018, the payout to Mr. Ledger would have been $364,400. In the event of a change of control of the Corporation (as defined above), for a period of twelve months thereafter, any termination of his employment by the Corporation for any reason, shall entitle Mr. Ledger to receive a lump sum payment equal to two times the amount that he would have received if terminated without cause. Mr. Ledger would have been entitled to receive a lump sum payment of $728,800 if his employment was terminated as of December 31, 2018 following a change of control of the Corporation within the preceding twelve-month period. In addition, upon such change of control, he will have the right, for a period of twelve months thereafter, to terminate his employment by providing the Corporation with written notice of termination, and upon doing so, he will be entitled to payment of the amount set out in the preceding sentence. Upon a change of control, any options, rights, warrants or other entitlements for the purchase or acquisition of shares in the Corporation that are not then exercisable shall be fully vested and accelerated so that they become immediately exercisable for 180 days. As of December 31, 2018, Mr. Ledger received an annual salary of $350,000 and an annual car allowance of $14,400.

Under the terms of Ms. Burkett's employment agreement, if terminated for cause, she will not be entitled to any payment or compensation from the Corporation. If the Corporation terminates Ms. Burkett without cause, she will be entitled to receive a retiring allowance equal to twelve months of her base salary and an automobile allowance payable either in a lump sum or in twelve equal monthly installments commencing within thirty days after the day of termination. As at December 31, 2018, the payout to Ms. Burkett would have been $264,400. In the event of a change of control of the Corporation (as defined above), for a period of twelve months thereafter, any termination of her employment by the Corporation for any reason, shall entitle Ms. Burkett to receive a lump sum payment equal to two times the amount that she would have received if terminated without cause. Ms. Burkett would have been entitled to receive a lump sum payment of $528,800 if her employment was terminated as of December 31, 2018 following a change of control of the Corporation within the preceding twelve-month period. In addition, upon such change of control, she will have the right, for a period of twelve months thereafter, to terminate her employment by providing the Corporation with written notice of termination, and upon doing so, she will be entitled to payment of the amount set out in the preceding sentence. Upon a change of control, any options, rights, warrants or other entitlements for the purchase or acquisition of shares in the Corporation that are not then exercisable shall be fully vested and accelerated so that they become immediately exercisable for 180 days. As of December 31, 2018, Ms. Burkett received an annual salary of $250,000 and an annual car allowance of $14,400.

Ms. Burkett started a maternity leave in 2017 and Ms. Rusaw was hired as the Corporation's Interim Chief Financial Officer pursuant to a fourteen-month employment agreement. In September 2018, her contract was extended and she was hired as the Vice President, Operations & Administration on a contract basis. Under the terms of Ms. Rusaw's employment agreement, if terminated for cause, she will not be entitled to any payment or compensation from the Corporation. If the Corporation terminates Ms. Rusaw without cause, she will be entitled to receive a retiring allowance equal to one month of her base salary as a lump sum. As of December 31, 2018, the payout to Ms. Rusaw would have been $17,388. As of December 31, 2018, Ms. Rusaw received an annual salary of $237,500 and an annual car allowance of $14,400.

Under the terms of Dr. Chiasson's employment agreement, if terminated for cause, he will not be entitled to any payment or compensation from the Corporation. If the Corporation terminates Dr. Chiasson without cause, he will be entitled to receive a retiring allowance equal to twelve months of his base salary and an automobile allowance payable either in a lump sum or in twelve equal monthly installments commencing within thirty days after the day of termination. As at December 31, 2018, the payout to Dr. Chiasson would have been $301,900. In the event of a change of control of the Corporation (as defined above), for a period of twelve months thereafter, any termination of his employment by the Corporation for any reason, shall entitle Dr. Chiasson to receive a lump sum payment equal to two times the amount that he would have received if terminated without cause. Dr. Chiasson would have been entitled to receive a lump sum payment of $603,800 if his employment was terminated as of December 31, 2018 following a change of control of the Corporation within the preceding twelve-month period. In addition, upon such change of control, he will have the right, for a period of twelve months thereafter, to terminate his employment by providing the Corporation with written notice of termination, and upon doing so, he will be entitled to payment of the amount set out in the preceding sentence. Upon a change of control, any options, rights, warrants or other entitlements for the purchase or acquisition of shares in the Corporation that are not then exercisable shall be fully vested and accelerated so that they become immediately exercisable for 180 days. As of December 31, 2018, Dr. Chiasson received an annual salary of $287,500 and an annual car allowance of $14,400.

Under the terms of Ms. Loucaides' employment agreement, if terminated for cause, she will not be entitled to any payment or compensation from the Corporation. If the Corporation terminates Ms. Loucaides without cause, she will be entitled to receive a retiring allowance equal to twelve months of her base salary and an automobile allowance payable either in a lump sum or in twelve equal monthly installments commencing within thirty days after the day of termination. As at December 31, 2018, the payout to Ms. Loucaides would have been $309,400. In the event of a change of control of the Corporation (as defined above), for a period of twelve months thereafter, any termination of her employment by the Corporation for any reason, shall entitle Ms. Loucaides to receive a lump sum payment equal to two times the amount that she would have received if terminated without cause. Ms. Loucaides would have been entitled to receive a lump sum payment of $618,800 if her employment was terminated as of December 31, 2018 following a change of control of the Corporation within the preceding twelve-month period. In addition, upon such change of control, she will have the right, for a period of twelve months thereafter, to terminate her employment by providing the Corporation with written notice of termination, and upon doing so, she will be entitled to payment of the amount set out in the preceding sentence. Upon a change of control, any options, rights, warrants or other entitlements for the purchase or acquisition of shares in the Corporation that are not then exercisable shall be fully vested and accelerated so that they become immediately exercisable for 180 days. As of December 31, 2018, Ms. Loucaides received an annual salary of $295,000 and an annual car allowance of $14,400.

Compensation of Directors

The Compensation, Corporate Governance and Nominating Committee and Board has established a compensation plan for non-employee independent directors of the Corporation based on expert advice received from Radford. The compensation plan is structured to take into account the best interests of the Corporation and to ensure that the directors' compensation appropriately reflects their responsibilities and includes short-term and long-term compensation elements. The compensation structure includes cash compensation, share-based awards and stock options. The per meeting attendance fees were removed from the compensation plan in favour of a structure that pays set annual retainers. Directors who also act as NEOs of the Corporation are not entitled to additional compensation for their role as directors of the Corporation.

Cash Compensation

The following cash compensation is set for non-employee independent directors: $35,000 annual Board retainer; $10,000 lead director additional retainer; $16,000 Audit Committee Chair retainer; $12,000 Compensation, Corporate Governance and Nominating Committee Chair retainer; $12,000 Transaction Committee Chair retainer; $8,000 Audit Committee member; $6,000 Compensation, Corporate Governance and Nominating Committee member and $6,000 Transaction Committee member. Directors are reimbursed for expenses incurred in attending Board and committee meetings or otherwise in the performance of their duties. Directors are no longer paid fees based on the number of meetings attended. Mr. London, who was an employee and a director of the Corporation in 2018, did not receive cash compensation in his capacity as a director or as a member of the Transaction Committee.

Deferred Share Unit Plan ("DSU Plan")

On January 1, 2009, the Corporation established the DSU Plan, a share-based compensation plan for non-employee directors. Under this DSU Plan, non-employee directors could be allotted and could elect to receive a portion of their annual retainers and other Board-related compensation in the form of deferred share units ("**DSUs**").

As part of the Reorganization, all of the DSUs outstanding immediately prior to the effective time of the Reorganization were exchanged for a number of Nuvo Research common shares equal to the number of DSUs so exchanged. The Nuvo Research common shares received in exchange for DSUs (net of any withholdings) ultimately were exchanged in connection with the Reorganization for Common Shares and Crescita common shares. The DSU Plan was terminated as of the Effective Date and no additional DSUs may be granted thereunder.

Directors' Compensation for the Fiscal Year Ended December 31, 2018

Name	External Directors' Fees ($)	Option-based awards ($)	Non-equity incentive plan compensation		All other compensation ($)	Total compensation ($)
			Annual incentive plans	Long-term incentive plans		
David Copeland	67,000	14,000(2)	Nil	Nil	Nil	81,000
Anthony Dobranowski	52,840	14,000(2)	Nil	Nil	Nil	66,840
Jacques Messier	43,160	14,000(2)	Nil	Nil	Nil	57,160
Daniel Chicoine	35,000	14,000(2)	Nil	Nil	Nil	49,000
Robert Harris(1)	61,000	14,000(2)	Nil	Nil	Nil	75,000

Notes:

(1) Mr. Harris was appointed to the Corporation's Board on May 11, 2017. He received his initial grant of stock options May 19, 2017.

(2) The values of stock options awarded in 2018 are the estimated fair values on the date of grant calculated using the Black-Scholes option pricing model, which appears to be standard among public companies, pursuant to International Financial Reporting Standard 2, with the following assumptions:

	Options
Grant Date	Mar 28, 2018
Risk-free interest rate	1.94 – 2.14%
Dividend Yield	Nil
Expected volatility of share price	61 - 64
Expected life	5 – 6 years
Forfeiture rate	7%
Common share price	$3.55
Fair value of option	$1.87 - $2.11

The stock options granted in 2018 vest 1/3 immediately and 1/3 on each of March 28, 2019 and March 28, 2020. As of the date hereof, the stock options issued are not "in-the-money".

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table indicates for each of the directors all awards outstanding at the end of the 2018 financial year.

	Option-based awards					Share-based awards[(1)]		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option grant date	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested ($)	Market or payout value of vested share awards not paid out ($)
David Copeland	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	5,687	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	6,153	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
						Nil	Nil	Nil
Anthony Dobranowski	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	5,687	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	6,153	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
						Nil	Nil	Nil
Jacques Messier	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	5,687	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	6,153	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
						Nil	Nil	Nil
Robert Harris	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	21,655	4.45	May 19, 2017	May 19, 2027	Nil			
						Nil	Nil	Nil
Daniel Chicoine	7,000	3.55	Mar 28, 2018	Mar 28, 2028	Nil			
	5,687	5.75	Mar 7, 2017	Mar 7, 2027	Nil			
	59,158	2.65	May 6, 2014	May 6, 2024	Nil			
	44,368	5.08	Mar 29, 2012	Mar 29, 2022	Nil			
	8,812	4.32	Aug 16, 2011	Aug 16, 2021	Nil			
	16,608	11.18	June 16, 2010	June 16, 2020	Nil			
						Nil	Nil	Nil

Notes:
(1) Value of unexercised in-the-money options determined at December 31, 2018.

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

The following table indicates for each of the directors the value on vesting of all awards (had they been exercised on the vesting date) during the 2018 financial year.

Name	**Option-based awards – Value during the year on vesting ($)**	**Share-based awards – Value during the year on vesting ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
David Copeland	Nil	Nil	Nil
Anthony Dobranowski	Nil	Nil	Nil
Jacques Messier	Nil	Nil	Nil
Robert Harris	Nil	Nil	Nil
Daniel Chicoine	15,530	23,286	Nil

Directors' & Officers' Liability Insurance

The Corporation periodically renews and purchases insurance coverage for directors' and officers' liability. The policies in effect in 2018 were a policy from June 1, 2017 to June 1, 2018 (the "**2017 Policy**") that had a premium of $49,275 and covered directors' and officers' liability for $15,000,000 and a policy from June 1, 2018 to June 1, 2019 (the "**2018 Policy**") that has a premium of $49,275 and covers directors' and officers' liability for $15,000,000. The 2017 Policy and the 2018 Policy provide for deductibles ranging from $25,000 to $50,000 depending upon the nature of the claim made by the Corporation. However, there shall be no deductible for any claim made by a director or officer. This premium is paid entirely by the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, former executive officers or former employees of the Corporation or any of its subsidiaries, and none of their respective associates, is or has at any time since the beginning of the most recently completed financial year been indebted to the Corporation or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") the Corporation must disclose, on an annual basis, the corporate governance practices that it has adopted.

The Board believes that the Corporation's corporate governance policies, procedures and practices, which are described below, are in compliance with applicable guidelines, rules and other legal requirements, and are appropriate in the current circumstances.

The Board recognizes that the Corporation's corporate governance policies, procedures and practices cannot be static and that further refinements may be necessary as applicable legal and regulatory requirements and the Corporation's circumstances evolve. The Board intends to continue to ensure that the Corporation's systems and culture of corporate governance meet the legitimate expectations of shareholders, as well as applicable legal and regulatory requirements.

The Corporation's Corporate Governance Guidelines are set out in the Corporation's Annual Information Form for the year ended December 31, 2018 which is available at www.sedar.com. The Board has approved the disclosure of the Corporation's governance practices described below, on the recommendation of the Compensation, Corporate Governance and Nominating Committee.

Unless otherwise specifically stated, the information in this section is given as of the date hereof.

1. **Board of Directors**

a) Disclosure of the identity of directors who are independent.

Within the meaning of NI 58-101, three of the five nominated directors meet all requisite independence requirements. The three nominated directors considered "independent" are: Mr. David Copeland, private business consultant; Mr. Anthony Dobranowski, private business consultant; and, Mr. Daniel Chicoine, Executive Chairman, Crescita.

b) Disclosure of the identity of directors who are not independent, and the basis for that determination.

Within the meaning of NI 58-101, two of the five nominated directors are not independent. The non-independent nominees are Mr. Robert Harris, Executive Chairman of the Corporation and Mr. John London, former Executive Chairman of the Corporation.

c) Disclosure of whether or not a majority of directors are independent.

A majority of the Corporation's five nominated directors are independent; their sole relationship with the Corporation is as a member of the Board, and in some cases, as shareholders.

d) Identification of any director who is presently a director of any other reporting issuer.

As of December 31, 2018, the following nominated directors are also directors of reporting issuers:

Name	Company	Exchange
Daniel Chicoine	Crescita	TSX
David A. Copeland	Crescita	TSX
Anthony E. Dobranowski	Crescita	TSX
Robert P. Harris	Origin House (CannaRoyalty Corp.)	CSE
John C. London	Crescita	TSX

e) Disclosure of whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

To ensure free and open discussion and communication among directors, the independent directors meet in executive session (with no members of senior management or non-independent directors present) after every regularly scheduled meeting of the Board and otherwise as those directors determine. The lead director presides at these executive sessions, unless the directors present at such meetings determine otherwise. Further, the Audit Committee is comprised of independent directors and hold meetings with no members of senior management or non-independent directors present, unless the directors present at such meetings determine otherwise. The Compensation, Corporate Governance and Nominating Committee and the Transaction Committee are comprised of a majority of independent directors and they meet in executive session as determined by independent directors in order to facilitate an open and candid discussion among the independent directors.

f) Disclosure of whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, identify the independent chair or lead director, and describe his or her role and responsibilities.

The chair of the Board, Robert Harris, was an independent director in 2018, but is no longer an independent director, as he began to receive a salary for his role as Executive Chairman in 2019. The Board has appointed Mr. David Copeland, an independent director, as the lead director. The lead director's role is to ensure that the Board functions independently of management and that directors have an independent leadership contact. The lead director's responsibilities include acting as an independent liaison between the Board and senior management and ensuring that independent directors have had adequate opportunities to discuss issues without management present.

g) Disclosure of the attendance record of each director for all board meetings held since the beginning of the most recently completed financial year.

During the fiscal year ended December 31, 2018, the Board met 25 times. The number of meetings attended by each director is set out below:

	Meetings Attended (#)
Daniel Chicoine	24
David Copeland	22
Anthony Dobranowski	25
Robert Harris(1)	13
John London	25
Jacques Messier	20

Notes:
(1) Mr. Harris recused himself from 11 Board meetings relating to the Aralez Transaction, as he had a potential conflict as he was a former director of Aralez.

2. Mandate of the Board

In fulfilling its statutory mandate and discharging its duty of stewardship of the Corporation, the Board assumes responsibility for those matters set forth in its Charter (which also is its mandate). The full text of the Board Charter is set out in the Corporation's Annual Information Form for the year ended December 31, 2018 and is available at www.sedar.com.

3. Position Descriptions

(a) Disclosure of whether or not the board has developed written position descriptions for the chair and the chairs of each board committee. If the board has not developed such written position descriptions, disclosure of how the board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the chair of the Board, the lead director of the Board and the chairs of the Compensation, Corporate Governance and Nominating Committee and Audit Committee. The position descriptions are set out in Schedules 2, 3, 5 and 7, respectively, of the Corporate Governance Guidelines, which can be found in Corporation's Annual Information Form for the year ended December 31, 2018 which is available at www.sedar.com. The Corporation has not developed a formal written position description for the chair of the Transaction Committee. The chair provides leadership of the Transaction Committee and is the liaison between the Corporation's senior management and the Board.

(b) Disclosure of whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, describe how the board delineates the role and responsibilities of the CEO.

A written position description has not been developed for the CEO. Day-to-day executive management of the Corporation is managed by an executive management committee (the "**Executive Management Committee**") consisting of the Executive Chairman, President and Chief Executive Officer, the Vice President and Chief Financial Officer the Vice President, Secretary & General Counsel, and the Vice President, Operations and Chief Scientific Officer. All managers report to and are supervised by one of the members of the Executive Management Committee. Major decisions respecting the day-to-day operations of the Corporation are made by the Executive Management Committee. The Executive Management Committee reviews the progress of the projects within the Corporation to ensure that the strategic plans approved by the Board are executed and implemented in a timely and effective manner.

The Executive Management Committee members are in constant contact with each other, but also frequently meet on a formal basis to discuss and review matters affecting the Corporation.

4. Orientation and Continuing Education

(a) Description of what measures the board takes to orient new directors regarding:

(i) the role of the board, its committees and its directors

(ii) the nature and operation of the Corporation's business

Senior management, working with the Board, provides appropriate orientation and education for new directors to familiarize them with the Corporation and its business, as well as the expected contribution of individual directors. All new directors participate in this orientation and education program, which should be completed within four months of a director first joining the Board.

The Compensation, Corporate Governance and Nominating Committee when necessary or appropriate, and to the extent not otherwise being considered and addressed by the Board, in co-operation with the Corporation's senior management, oversees an appropriate orientation and education program for any new directors in order to familiarize them with the Corporation and its business.

(b) Description of what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, description of how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Senior management schedules periodic presentations for the Board to ensure they are aware of major business trends and industry practices as and when required. In addition, materials provided to the directors for meetings of the Board provide the information needed for the directors to make informed judgments or engage in informed discussions. The chair of the Board and the lead director of the Board are responsible for ensuring the adequacy of such materials and that directors have sufficient time to review such materials.

5. Ethical Business Conduct

(a) Disclosure of whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclosure of how a person or company may obtain a copy of the code

(ii) description of how the board monitors compliance with its code, or if the board does not monitor compliance, whether and how the board satisfies itself regarding compliance with its code

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code

The Corporation has adopted a Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees. The purpose of the Code is to:

- Promote honest and ethical conduct;
- Promote avoidance of conflicts of interest;
- Promote full, fair, accurate, timely and understandable disclosure;
- Promote compliance with applicable governmental laws, rules and regulations; and
- Promote the prompt internal reporting to an appropriate person of violation of the Code.

All employees, officers and directors are provided with a copy of the Code and are required to sign an acknowledgement that they have read and agree to comply with the terms of the Code. A copy of the Code may be obtained from the Corporation's website at www.nuvopharmaceuticals.com and is available on the Corporation's profile at www.sedar.com.

It is the responsibility of the Compensation, Corporate Governance and Nominating Committee to review senior management's monitoring of compliance with the Code.

(b) Description of any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Under the *Business Corporations Act* (Ontario) (the "**OBCA**"), to which the Corporation is subject, a general notice to the directors is generally required to be sent by a director or officer disclosing that he or she is a director or officer of or has a material interest in a person. It is the policy of the Corporation that an interested director or officer excuse himself or herself from the decision-making process (including discussions relating to the contract or transaction) pertaining to a contract or transaction in which he or she has an interest, other than in the case of certain permitted matters, such as matters related to his or her compensation as a director, permitted under the OBCA.

(c) Description of any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Board encourages management's practice of holding meetings with all the Corporation's employees during which senior management provides updates on the state of the Corporation's business. Where appropriate, these meetings are also used to remind employees of their responsibility under corporate policies, including the Code.

6. Nomination of Directors

(a) Description of the process by which the board identifies new candidates for board nomination.

The Board, taking into consideration the recommendations of the Compensation, Corporate Governance and Nominating Committee, is responsible for selecting the nominees for election to the Board, for appointing directors to fill vacancies, and determining whether a nominee or appointee is independent.

The Compensation, Corporate Governance and Nominating Committee develops criteria for selecting new directors, assists the Board by identifying individuals qualified to become members of the Board (consistent with criteria approved by the Board) and develops a list of director nominees for the annual meeting of shareholders and for each committee of the Board and the chair of each committee. In doing so, the Compensation, Corporate Governance and Nominating Committee periodically reviews the competencies, skills and personal qualities required of directors to add value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure that a majority of the Board is comprised of individuals who meet the independence requirements of applicable legislation and stock exchange requirements, and the policies of the Board with respect to director tenure, retirement and succession and director commitments.

(b) Disclosure of whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed of entirely independent directors, description of the steps the board takes to encourage an objective nomination process.

As of December 31, 2018, the Compensation, Corporate Governance and Nominating Committee was comprised entirely of independent directors. The members of the Committee in 2018 were: Jacques Messier, Anthony Dobranowski, and Robert Harris. Mr. Harris was replaced as a member of the Compensation, Corporate Governance and Nominating Committee as of January 1, 2019 by Mr. London. Mr. London is not an independent director.

(c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Compensation, Corporate Governance and Nominating Committee Charter establishes the purpose, composition, responsibilities, and operation of the Compensation, Corporate Governance and Nominating Committee. The Compensation, Corporate Governance and Nominating Committee Charter is set out in Schedule 4 to the Corporate Governance Guidelines, which can be found in the Corporation's Annual Information Form for the year ended December 31, 2018 which is available at www.sedar.com.

7. Compensation

(a) *Description of the process by which the board determines the compensation for the Corporation's directors and officers.*

The form and amount of director compensation is determined by the Board from time to time upon the recommendation of the Compensation, Corporate Governance and Nominating Committee. In addition, the Board assesses the performance of the Corporation's senior management and periodically monitors the compensation levels of such senior management based on determinations and recommendations made by the Compensation, Corporate Governance and Nominating Committee.

The Compensation, Corporate Governance and Nominating Committee develops a compensation structure for the Board and senior management, including salaries, annual and LTI plans and plans involving share options, share issuances and share unit awards. The Compensation, Corporate Governance and Nominating Committee reviews the compensation and performance of senior management at least annually, with a view to maintaining a compensation program for senior management at a fair and competitive level, consistent with the best interests of the Corporation, and periodically reviews the compensation of directors to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.

In discharging its mandate, the Compensation, Corporate Governance and Nominating Committee has the authority to retain and receive advice from outside advisors.

(b) *Disclosure of whether or not the board has a compensation committee composed entirely of independent directors.*

As of December 31, 2018, the Compensation, Corporate Governance and Nominating Committee was comprised entirely of independent directors. The members of the Committee were: Jacques Messier, Anthony Dobranowski, and Robert Harris. Mr. Harris was replaced as a member of the Compensation, Corporate Governance and Nominating Committee as of January 1, 2019 by Mr. London. Mr. London is not an independent director.

(c) *If the board has a compensation committee, description of the responsibilities, powers and operation of the compensation committee.*

The Compensation, Corporate Governance and Nominating Committee Charter establishes the purpose, composition, responsibilities, and operation of the Compensation, Corporate Governance and Nominating Committee. The Compensation, Corporate Governance and Nominating Committee Charter is set out in Schedule 4 to the Corporate Governance Guidelines, which can be found in the Corporation's Annual Information Form for the year ended December 31, 2018 which is available at www.sedar.com.

(d) *If a compensation consultant or advisor has, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining the compensation for any of the Corporation's directors and officers, disclosure of the identity of the consultant or advisor and summary of the mandate for which they were retained.*

The Board retained and obtained executive compensation reports and recommendations from Radford in 2010 to review the structure and value of compensation packages paid to senior management to ensure that they are effective, competitive and comparable to similar companies. Radford did not provide the Compensation, Corporate Governance and Nominating Committee and the Board with advice during 2017 and 2018, nor did any other compensation consultant.

8. Other Board Committees

(a) If the board has standing committees other than the audit, compensation and nominating committees, identification of the committees and description of their function.

In addition to its function with respect to compensation and nomination matters, the Compensation, Corporate Governance and Nominating Committee is also intended to develop appropriate corporate governance principles for the Corporation and undertake such other initiatives to enable the Board to provide effective corporate governance. Its responsibilities include periodically reviewing the adequacy of the Corporation's Corporate Governance Guidelines, the practices of the Board to ensure compliance with the Corporation's Corporate Governance Guidelines, the relationship between senior management and the Board with a view to ensuring that the Board is able to function independently of senior management and making recommendations to the Board with respect to such matters. The Compensation, Corporate Governance and Nominating Committee Charter is set out in Schedule 4 to the Corporate Governance Guidelines, which can be found in the Corporation's Annual Information Form for the year ended December 31, 2018 which is available at www.sedar.com.

The purpose of the Transaction Committee is to assist senior management and the Board with respect to business development opportunities for the Corporation. The Transaction Committee does not have a formal written charter or position descriptions.

9. Assessment

(a) Disclosure of whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Compensation, Corporate Governance and Nominating Committee oversees periodic reviews of the Board's, the Audit Committee's, the Transaction Committee's, the Compensation, Corporate Governance and Nominating Committee's and individual directors' performance. The process includes an annual confidential survey completed by each member of the Board and its committees. The survey results are reviewed by the Compensation, Corporate Governance and Nominating Committee. In addition, the directors are encouraged to discuss any issues and raise any questions with the Lead Director or Chair of the respective committee.

10. Director Term Limited and Other Mechanisms of Board Renewal

(a) Disclosure of whether or not the Corporation has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the Corporation has not adopted director term limits or other mechanisms of board renewal, disclosure of why it has not done so.

Each director serves on the Board until the next annual meeting of shareholders of the Corporation or until a successor is duly elected or appointed. The Board does not have a limit on the number of consecutive terms for which a director may serve. While there is benefit to adding new perspectives to the Board from time to time, there are also benefits to having continuity and directors with in depth knowledge of each facet of the Corporation's business, which necessarily takes time to develop. The Board believes that the imposition of term limits for its directors may run the risk of excluding experienced and potentially valuable Board members as a result of an arbitrary determination. The Board relies on thorough director assessment procedures for evaluating its members and uses rigorous identification and selection processes for new directors, having regard to a variety of factors. Through these processes, the Board believes that it is well-positioned to address any problems or deficiencies that may arise in an appropriate manner without having to adopt mandated term limits.

11. **Consideration of the Representation of Women in the Director Identification and Selection Process and in Executive Officer Appointments; the Corporation's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions; and Number of Women on the Board and in Executive Officer Positions**

(a) *Disclosure of whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the Corporation does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclosure of the Corporation's reasons for not doing so.*

(b) *Disclosure of whether and, if so, how the Corporation considers the level of representation of women in executive officer positions when making executive officer appointments. If the Corporation does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclosure of the Corporation's reasons for not doing so.*

(c) *Disclosure of whether the Corporation has adopted a target regarding women on the Corporation's board. If the Corporation has not adopted a target, disclosure of why it has not done so.*

(d) *Disclosure of whether the Corporation has adopted a target regarding women in executive officer positions of the Corporation. If the Corporation has not adopted a target, disclosure of why it has not done so.*

(e) *Disclosure of the number and proportion (in percentage terms) of directors on the Corporation's board who are women.*

(f) *Disclosure of the number and proportion (in percentage terms) of executive officers of the Corporation, including all major subsidiaries of the Corporation, who are women.*

As of December 31, 2018, of the six current members of the Board, none are women (representing 0% of the current directors). Of the five current executive officers of the Corporation and all of its major subsidiaries, two are woman (representing 40% of the current executive officers). While the Corporation strongly supports the principle of diversity in its leadership, of which gender is an important aspect, the Corporation does not have a policy or targets regarding the representation of women on the Board or senior management, as the Board does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates. Rather, the identification and selection process is made based on a variety of criteria, including the diversity of viewpoints, backgrounds, experiences and other demographics, but also expertise, skills, character, business experience and other relevant factors. Accordingly, in searches for new directors or executive officers, the Board considers the level of female representation and diversity within its leadership ranks and this is just one of several factors used in its search process.

OTHER BUSINESS

At the time of this Circular, the Corporation knows of no matter to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting.

AUDIT COMMITTEE

Information concerning the Audit Committee of the Corporation can be found in the Corporation's Annual Information Form dated March 28, 2019 which is available at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including financial information related to the Corporation is provided in its comparative financial statements for the fiscal year ended December 31, 2018 and management's discussion and analysis which are available at www.sedar.com, or which may be obtained on request and without charge by contacting Mary-Jane Burkett, Vice President and Chief Financial Officer, 6733 Mississauga Road, Suite 610, Mississauga, Ontario, L5N 6J5.

The Corporation's Report to Shareholders for the fiscal year ended December 31, 2018, containing the Corporation's consolidated financial statements for the fiscal year ended December 31, 2018, is being mailed to the shareholders of the Corporation that requested such information with the Notice of Meeting and this Circular.

BOARD APPROVAL

The contents and mailing of this Circular have been approved by the directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS

Robert Harris
Executive Chairman

Mississauga, Ontario
May 16, 2019