

**PHARMALA BIOTECH HOLDINGS INC.**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON**

**FEBRUARY 28, 2023**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**DATED: JANUARY 24, 2023**

**PHARMALA BIOTECH HOLDINGS INC.  
82 RICHMOND STREET EAST  
TORONTO, ONTARIO M5C 1P1**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**Meeting**”) of the shareholders of Pharmala Biotech Holdings Inc. (the “**Company**”) will be held at the offices of Pharmala Biotech Holdings Inc. located at 82 Richmond Street East, Toronto, Ontario M5C 1P1 on Tuesday, February 28, 2023 at 11:00 a.m. (Toronto time) for the following purposes:

1. To receive and consider the consolidated audited financial statements of the Company for the financial year ended August 31, 2022 and for the period from December 30, 2020 (date of incorporation) to August 31, 2020, together with the auditor’s report thereon;
2. To reappoint Clearhouse LLP, Chartered Professional Accountants, as the auditor of the Company for the ensuing year and to authorize the board of directors of the Company (the “**Board**”) to fix the auditor’s remuneration;
3. To elect the directors of the Company for the ensuing year, as more particularly set forth in the accompanying proxy and management information circular dated January 24, 2023, and prepared for the purpose of the Meeting (the “**Circular**”); and
4. To transact such other business as may be properly brought before the Meeting or any adjournment(s) thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying and forming a part of this Notice of Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board requests that all shareholders who will not be attending the Meeting in person read, date, and sign the accompanying proxy and deliver it to Marrelli Trust Company Limited (“**Marrelli Trust**”) prior to the proxy cut-off time. If a shareholder does not deliver a proxy to Marrelli Trust: (i) by mail at: Attention: Proxy Department, Marrelli Trust, C/O Marrelli Transfer Services Corp., 82 Richmond Street East, Toronto, ON M5C 1P1; (ii) on [www.voteproxy.ca](http://www.voteproxy.ca); (iii) by fax: 416.360.7812; or (iv) by email: [info@marrellitrust.ca](mailto:info@marrellitrust.ca), by 11:00 a.m. (Toronto time) on Friday, February 24, 2023 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on January 24, 2023 will be entitled to vote at the Meeting.

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Company is actively monitoring the latest COVID-19 developments and directions from public health and government authorities and is mindful of the health and well-being of all our stakeholders, including our employees, shareholders, industry partners and the communities in which we operate, as well as that of the general public. As of the date hereof, the Company intends on holding an in-person shareholder meeting. However, as COVID-19 is a rapidly evolving situation, the Company will continue to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially changing the location of the Meeting or adjourning or postponing the Meeting. The Company will provide updates to any arrangements in respect of the Meeting by way of news releases. Shareholders are encouraged to monitor the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

**DATED** at Toronto, Ontario, January 24, 2023.

**BY ORDER OF THE BOARD**

*/s/ Nicholas Kadysz*

**Nicholas Kadysz**

**President, Chief Executive Officer and Director**

**PHARMALA BIOTECH HOLDINGS INC.  
82 RICHMOND STREET EAST  
TORONTO, ONTARIO M5C 1P1**

**MANAGEMENT INFORMATION CIRCULAR**

(as at January 24, 2023, except as otherwise indicated)

**SOLICITATION OF PROXIES**

This management information circular (this “**Circular**”) is provided in connection with the solicitation of proxies by the management of Pharmala Biotech Holdings Inc. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Tuesday, February 28, 2023 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”).

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and employees of the Company. All costs of solicitations will be borne by the Company. The officers and employees will receive no compensation other than their regular salaries but will be reimbursed for their reasonable expenses which are expected not to exceed \$5,000 in the aggregate.

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Company is actively monitoring the latest COVID-19 developments and directions from public health and government authorities and is mindful of the health and well-being of all our stakeholders, including our employees, shareholders, industry partners and the communities in which we operate, as well as that of the general public. As of the date hereof, the Company intends on holding an in-person shareholder meeting. However, as COVID-19 is a rapidly evolving situation, the Company will continue to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially changing the location of the Meeting or adjourning or postponing the Meeting. The Company will provide updates to any arrangements in respect of the Meeting by way of news releases. Shareholders are encouraged to monitor the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. A registered shareholder who wishes to appoint another person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided. The completed Proxy should be delivered to Marrelli Trust Company Limited (“**Marrelli Trust**”): (i) by mail at: Attention: Proxy Department, Marrelli Trust, C/O Marrelli Transfer Services Corp., 82 82 Richmond Street East, Toronto, ON M5C 1P1; (ii) on [www.voteproxy.ca](http://www.voteproxy.ca); (iii) by fax: 416.360.7812; or (iv) by email: [info@marrellitrust.ca](mailto:info@marrellitrust.ca), by 11:00 a.m. (Toronto time) on Friday, February 24, 2023, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Marrelli Trust, or by transmitting a revocation by electronic means, to Marrelli Trust, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer

as a shareholder present in person.

### **Provisions Relating to Voting of Proxies**

The common shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those common shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as more particularly set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (“Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

### **Advice to Beneficial Holders of Common Shares**

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

This Circular, along with the Notice of Meeting, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Company is providing this Circular, along with the Notice of Meeting and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from Marrelli Trust. Please complete and return the VIF to Marrelli Trust in the envelope provided or by facsimile. In addition, internet voting instructions can be found on the VIF. Marrelli Trust will tabulate the results of the VIFs received from the Company’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company intends to pay for intermediaries to deliver this Circular, the Notice of Meeting and VIF to OBOs.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 11:00 a.m. (Toronto time) on the day which is at least three business days prior to the Meeting. A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.

All references to shareholders in this Circular, the Notice of Meeting and accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Marrelli Trust, unless specifically stated otherwise.

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

As of January 24, 2023, the Company’s authorized capital consists of an unlimited number of common

shares of which 82,998,600 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote. Shareholders registered as at January 24, 2023 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes of the Proxy.

To the knowledge of Management, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company.

## ELECTION OF DIRECTORS

At the Meeting, shareholders will be asked to re-elect the seven current directors whose term of office will expire at the conclusion of the Meeting. The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of common shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation(s) during the past five years <sup>(1)</sup>	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(2)</sup>
<b>Nicholas Kadysh</b> President, Chief Executive Officer and Director <i>Toronto, Ontario</i>	Director of Public Affairs for Red Bull Canada from 2013 to 2017; Public Policy Leader at General Electric Canada from 2017 to 2018; Head of Corporate Affairs at JUUL Labs Canada from 2018 to 2021. Presently, Mr. Kadysh is the CEO of Pharmala Biotech Holdings Inc.	March 21, 2021	3,725,000 <sup>(4)</sup>
<b>Kevin Roy</b> <sup>(3)</sup> Director <i>Toronto, Ontario</i>	Chief Financial Officer of FirstService Brands (a division of the FirstService Corporation (TSX, NASDAQ: FSV)) from 2007 to May 2021; From May 2021 until Present, Self Employed, performing consulting, project engagements and board work.	June 24, 2022	Nil
<b>Jodi Butts</b> <sup>(3)</sup> Chairperson <i>Ottawa, Ontario</i>	Director of Canada Goose Holdings Inc.; Independent member of the Board of Directors of Tilray, Inc. (formerly Aphria Inc.); Chair of The Walrus Foundation Board of Directors; and member of the Board of Governors and Audit Committee of the University of Windsor.	March 21, 2021	Nil
<b>Perry Tsergas</b> Director <i>Ottawa, Ontario</i>	Co-Founder, President, and Chief Executive Officer of spark*advocacy	March 21, 2021	Nil
<b>Fraser Macdonald</b> <sup>(3)</sup> Director <i>Toronto, Ontario</i>	Corporate Lawyer and Public Affairs Consultant at Stosic & Associates	March 21, 2021	6,000
<b>Dr. Abdelmalik Slassi</b> Director <i>Mississauga, Ontario</i>	Founder, President and Chief Scientific Officer of Fluorinov Pharma Inc.	March 21, 2021	Nil
<b>Harriet de Wit</b> Director <i>Chicago, Illinois</i>	Professor in the Department of Psychiatry and Behavioral Neuroscience at the University of Chicago	March 21, 2021	Nil

Notes:

- (1) Information furnished by the respective director nominees.
- (2) Voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly as of the date hereof. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Company. Information in the table above is derived from the Company's

review of insider reports filed with System for Electronic Disclosure by Insiders and from information furnished by the respective director nominees.

(3) Member of the Audit Committee.

(4) Includes 100,000 common shares directly owned by Mr. Kadysh and 3,725,000 common shares held by NKO Consulting Corp., an entity wholly owned by Mr. Kadysh.

## **Board Nominee Biographies**

The following are brief biographies of the Board nominees:

### *Nicholas Kadysh – President and Director*

Mr. Kadysh has acted as a Health Regulatory Expert for several large corporations. From 2013 to 2017 he was the Director of Public Affairs for Red Bull Canada, and the company's second-ever Government Relations hire. Mr. Kadysh has also held senior roles in Government Relations for General Electric Canada Corporation, and most recently directed the Government Relations and Communications departments of JUUL Labs Canada. He also serves on the Board of Directors of Psyched Wellness Ltd, an issuer listed on the Canadian Securities Exchange, and the Yonge-Dundas Square Board of Management as a public appointee. Mr. Kadysh received his Bachelor of Arts (Honours) from Queen's University.

### *Kevin Roy – Chairman and Director*

Mr. Roy is an accomplished financial executive with experience in senior roles, providing principled leadership, strategic thinking, and financial discipline to growing organizations. With FirstService Corporation (TSX, NASDAQ: FSV) for more than 20 years, Mr. Roy served primarily as Chief Financial Officer of the FirstService Corporation's Brands division, working with executive management and platform leaders to drive growing businesses and achieve strong financial results. Mr. Roy started his career with FirstService Corporation as Director, Corporate Development. Previously he was a member of PricewaterhouseCoopers' Mergers & Acquisitions advisory team and audit and accounting group. Mr. Roy is currently focused on consulting, project engagements, and board work. Kevin holds a Commerce degree from the University of Windsor and received his CPA, CA designation in 1997.

### *Jodi Butts – Director*

Ms. Butts is a lawyer, entrepreneur, and a seasoned executive with a strong track record in driving positive change and growth within leading organizations. Currently, Ms. Butts serves as an independent member of the Board of Directors of Canada Goose Holdings Inc.; an independent member of the Board of Directors of Tilray, Inc. (formerly Aphria Inc.); Chair of The Walrus Foundation Board of Directors; and as a member of the Board of Governors and Audit Committee of the University of Windsor. She also holds several Board Advisory roles including with Bayshore Home Healthcare. Previously, Ms. Butts served as Chief Executive Officer of Rise Asset Development and Senior Vice-President of Operations and Redevelopment at Mount Sinai Hospital. Ms. Butts received a Master's degree in Canadian History from the University of Toronto, is a graduate of the University of Toronto, Faculty of Law, and was called to the Bar in 2000.

### *Perry Tsergas – Director*

Mr. Tsergas has worked in the world of Canadian politics, advocacy and communications for over two decades. Mr. Tsergas is the Co-Founder, President and Chief Executive Officer of spark\*advocacy, an Ottawa-based public affairs marketing and communications firm. Mr. Tsergas has partnered with hundreds of start-ups, corporations, associations, unions, charities, non-governmentals and coalitions on communications initiatives of all shapes and sizes. Over the years, Mr. Tsergas has been involved in supporting dozens of health, pharma/biotech and wellness related clients, and has taken a keen interest in how innovation can improve the health outcomes of Canadians.

### *Fraser Macdonald – Director*

Mr. Macdonald is a corporate lawyer and public affairs consultant based in Toronto. Mr. Macdonald has provided advice to blue-chip clients across three continents. Specializing in banking and finance law, Mr.



Macdonald has worked at top-tier international law firms in Toronto, Australia and London, UK. Mr. Macdonald has a deep understanding of the regulatory landscape for financial institutions and other businesses both within Canada and internationally. Mr. Macdonald is currently a Senior Associate at a leading boutique government relations consultancy firm in Toronto. Fraser holds a B.A. (Hons) in History from Queen's University and a Juris Doctor (with Honours) from Bond University.

*Dr. Abdelmalik Slassi – Director*

Dr. Slassi was the Founder, President and Chief Scientific Officer of Fluorinov Pharma Inc. acquired by Trillium Therapeutics (NASDAQ: TRIL) in January 2016, and Scientific Co-Founder of Mindset Pharma Inc. (CSE: MSET). Dr. Slassi has over 30 years of experience in the successful identification and development of drug candidates across multiple therapeutic areas including Neurology, Psychiatry, Oncology, Immunology and Gastro-intestinal. Prior to Mindset, Dr. Slassi was Senior Vice President of Drug Discovery Research at Trillium Therapeutics; Director and Vice President of Medicinal Chemistry – Manufacturing & Drug Development at NPS Pharmaceuticals (NSDAQ: NPSP) and Cascade Therapeutics, respectively, and earlier he held management and scientific positions at Allelix Biopharmaceuticals Inc. (TSE: ALX) and Bio-Mega/Boehringer Ingelheim Research Inc. Dr. Slassi has a strong track record of drug development with over 24 drug candidates advanced into late-stage preclinical and clinical development & Market. Dr. Slassi has extensive experience in the areas of intellectual property management and scientific operations. Dr. Slassi is an inventor with over 130 issued and published patents and patent applications, and author of more than 65 scientific and review articles published in international peer reviewed journals. Dr. Slassi holds a Ph.D. in chemistry from the University of Claude Bernard, Lyon, France and completed his postdoctoral work in the Chemistry Department at the University of Montreal, Canada.

*Harriet de Wit – Director*

Harriet de Wit, PhD, is Professor in the Department of Psychiatry and Behavioral Neuroscience at the University of Chicago. Ms. de Wit has studied the behavioral and neurobiological effects of psychoactive drugs in human volunteers for the past 40 years. Dr. de Wit received her BA from the University of Calgary, and her PhD in Experimental Psychology at Concordia University in 1981. Dr. de Wit has trained numerous graduate students, post-doctoral fellows and undergraduates, and published over 300 papers. Dr. de Wit serves on editorial boards of several scientific journals and she is a consultant to the Food and Drug Administration. Dr. de Wit has received several awards for her research, including the Distinguished Achievement Award of the European Behavioural Pharmacology Society (2019), the John F. Lemieux Medal Distinguished Alumni Award, Concordia University (2020) and the Lifetime Achievement Award from the Research Society on Alcoholism (2020).

**The Board recommends that shareholders vote FOR the re-election of the above nominees as directors. It is anticipated that all proxies received will be voted in favour of the election of the nominees whose names are set forth above unless a proxy contains instructions to withhold from voting.**

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

**Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive

officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

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

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

### **APPOINTMENT OF AUDITOR**

Management intends to nominate Clearhouse LLP, Chartered Professional Accountants (“**Clearhouse**”) of Mississauga, Ontario, for reappointment as auditor of the Company for the ensuing year to hold office until the close of business of the next annual general meeting of shareholders at remuneration to be fixed by the Board. Clearhouse was first appointed auditors of the Company on May 12, 2021.

**The Board recommends that shareholders vote FOR the appointment of Clearhouse as the auditor of the Company and vote FOR the authorization of the Board to fix the remuneration. It is intended that all proxies received will be voted in favour of the appointment of Clearhouse as auditor of the Company unless a proxy contains instructions to withhold the same from voting. It is intended that all proxies received will be voted in favour of the authorization of the Board to fix the remuneration unless a proxy contains instructions to vote against the authorization of the Board to fix the remuneration.**

### **EXECUTIVE COMPENSATION**

#### **COMPENSATION DISCUSSION AND ANALYSIS**

The following information, prepared in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, provides a discussion of all significant elements of the compensation to be awarded to, earned by, paid to, or payable to directors and Named Executive Officers (as defined below) of the Company, to the extent that it has been determined.

During the financial year ended August 31, 2022, the Company had two Named Executive Officers being, Nicholas Kadysh, President and Chief Executive Officer (“**CEO**”) and Carmelo Marrelli, Chief Financial Officer (“**CFO**”) and Corporate Secretary.

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a Named Executive Officers under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial

year.

## Compensation Discuss and Analysis

At its present stage of development, the Company does not have any formal objectives, criteria, and analysis for determining the compensation of its Named Executive Officers and primarily relies on the discussions and determinations of the Board. With a view to minimizing its cash expenditures not directed at further advancing the Company's progress on identifying product candidates, the emphasis in compensating the Named Executive Officers shall be the grant of incentive stock options ("Options") under the Option Plan (as defined below) set forth below. The type and amount of future compensation to be paid to Named Executive Officers and directors has not been determined and the Board has not considered the implications of the risks associated with the compensation policies and practices. The Company has not considered the implications of the risks associated with the Company's compensation policies and practices. Neither Named Executive Officers nor directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities offered as compensation.

The Board has not established any benchmark or performance goals to be achieved or met by Named Executive Officers; however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

### DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION, EXCLUDING COMPENSATION SECURITIES

Set out below is a summary of compensation paid or accrued during the Company's two most recently completed financial years to the Company's Named Executive Officers and directors:

Table of Compensation, excluding Compensation Securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Nicholas Kadysh <i>President and CEO</i>	2022	36,000	Nil	Nil	Nil	108,000 <sup>(1)</sup>	144,000
	2021	12,885	Nil	Nil	Nil	68,000 <sup>(1)</sup>	80,885
Carmelo Marrelli <i>CFO and Corporate Secretary</i>	2022	15,000	Nil	Nil	Nil	28,712 <sup>(2)</sup>	43,712 <sup>(2)</sup>
	2021	Nil	Nil	Nil	Nil	23,662 <sup>(2)</sup>	23,662 <sup>(2)</sup>
Solomon Elimimian <sup>(3)</sup> <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Jodi Butts <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Perry Tsergas, <i>Director</i>	2022	Nil	Nil	Nil	Nil	45,675 <sup>(4)</sup>	45,675 <sup>(4)</sup>
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Fraser Macdonald <i>Director</i>	2022	Nil	Nil	Nil	Nil	18,075 <sup>(5)</sup>	18,075 <sup>(5)</sup>
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Abelmalik Slassi <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Harriet de Wit <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Roy <sup>(6)</sup> <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) This amount was paid to NKO Consulting Corp. NKO Consulting Corp. provides ongoing product development regulatory support services. NKO Consulting Corp is owned by Mr. Kadysh.
- (2) This amount, plus applicable HST, was paid to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, and Marrelli Trust, collectively, the (the "**Marrelli Group**"). The services provided by the Marrelli Group are for bookkeeping services, regulatory filing services, corporate secretarial services, and transfer agent services. The Marrelli Group is owned by Mr. Marrelli
- (3) Mr. Elimimian resigned from the Board effective June 24, 2022
- (4) This amount was paid to Spark Advocacy Inc. for services related to the development and design of the Company's website, including but not limited to senior advice and counsel, project management, creative development, website development, and quality assurance. Mr. Tsergas is President and Chief Executive Officer of Spark Advocacy Inc.
- (5) This amount was paid to F Mac Consulting Inc. for regulatory affairs consulting work billed on an hourly basis. F Mac Consulting Inc. is owned by Mr. Macdonald.
- (6) Mr. Roy was appointed to the Board effective June 24, 2022.

## OPTIONS AND OTHER COMPENSATION SECURITIES

Other than disclosed in the table below, no Options or other compensation securities were granted to any Named Executive Officer and director during the year ended August 31, 2022:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Nicholas Kadysh</b> <i>President and CEO</i>	Options	1,500,000 <sup>(1)</sup>	January 5, 2022	0.10	0.10	0.05	January 5, 2027
<b>Kevin Roy</b> <i>Director</i>	Options	300,000 <sup>(2)</sup>	July 13, 2022	0.10	0.10	0.05	July 13, 2027

Notes:

- (1) Options vest on the 12-month anniversary of the date of the grant.
- (2) Options vest in equal 25% allotments every three months from the date of grant.

## EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NAMED EXECUTIVE OFFICERS

No Named Executive Officer or director of the Company exercised any compensation securities during the year ended August 31, 2022.

## STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

### Option Plan

On March 23, 2021, the Board adopted an Option plan in accordance with the rules and policies of the Canadian Securities Exchange (the "**Option Plan**") in order to provide effective incentives to directors, officers, and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The Company has no equity incentive plans other than the Option Plan. The size of Option grants is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

The purpose of the Option Plan is to advance the interests of the Company and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its common shares. The Option Plan provides that, subject to the requirements of the Canadian Securities Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to

time.

The Option Plan is administered by the Board or a committee of the Board, either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the Board may from time to time designate. The exercise price of any Options granted under the Option Plan shall be determined by the Board but may not have an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. The term of any Options granted under the Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death. Options granted under the Option Plan are not to be transferable or assignable. Options may be exercised until the earlier of: (a) the expiry time of such Option; and (b) 30 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Corporation or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option. Notwithstanding the foregoing, in the event of termination for cause, all Options held by such terminated optionee will be cancelled immediately. In the term of any Option expires within or immediately following a “blackout period” imposed by the Company, the Option shall expire on the date that is ten business days following the end of such blackout period.

Pursuant to the Option Plan, the maximum number of securities that can be issued to related persons cannot exceed 10% of the outstanding securities of the Company and 5% for each related person and the maximum number of securities that can be issued within 12-months cannot exceed 10% of the outstanding securities of the Company and 5% for a related person and the associates of the related person. The maximum number of Option which may be granted within a 12 month period to employees or consultants engaged in investor relations activities number not exceed 1% of the outstanding Options.

#### **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS**

Other than as disclosed below, the Company did not have any employment contracts in place with its directors or Named Executive Officers during the financial year ended August 31, 2022.

On January 10, 2022, the Company, Marrelli Support Services Inc. and Carmelo Marrelli entered into a CFO services agreement (the “**CFO Services Agreement**”) for the purpose of the Company retaining CFO consulting services from Marrelli Support Services Inc. and Mr. Marrelli for an indeterminate period of time. Pursuant to the CFO Services Agreement, the Company pays Marrelli Support Services Inc. \$1,250, plus approved disbursements and applicable taxes per month (the “**CFO Monthly Fee**”) and Mr. Marrelli is granted Options on a reasonable basis, commensurate with the position held and consistent in frequency with other Option holders.

The parties may termination the CFO Services Agreement upon thirty days written notice. If the Company terminates the CFO Services Agreement within the first calendar year, the Company must pay an amount equal to the CFO Monthly Fee multiplied by the number of months as is equal to the difference between 12 months and the number of months that have elapsed from the effective date to the date of the termination notice (the “**First Year Termination Payment**”). The First Year Termination Payment is voided if termination is on mutual agreement. If Marrelli Support Services Inc. is unable to carry on the duties of CFO as set out in the CFO Services Agreement, Marrelli Support Services Inc. is obligated to identify a replacement candidate acceptable to the Company. If Marrelli Support Services Inc. is unable or unwilling to identify such a candidate, the First Year Termination Payment is voided. If the Company terminates the CFO Services Agreement at anytime after the first calendar year, the Company must pay a one-time termination fee in an amount equal to the three times the CFO Monthly Fee.

On March 27, 2021, NKO Consulting Corp. and the Company entered into a consulting agreement pursuant to which Mr. Kadysh, on behalf of NKO Consulting Corp. provides ongoing product development regulatory support services.

Other than as disclosed herein, the Company does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

### **PENSION DISCLOSURE**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the financial year ended August 31, 2022:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	N/A	N/A	N/A
Equity compensation plans not approved by the securityholders	7,810,000 <sup>(1)</sup>	0.08	489,860 <sup>(1)</sup>
<b>Total</b>	7,810,000 <sup>(1)</sup>	0.08	489,860 <sup>(1)</sup>

Note:

- As at August 31, 2022, the Company had 82,998,600 common shares issued and outstanding. The stock option plan is a 10% rolling plan.

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

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the Company's financial year ended August 31, 2022.

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

No director or executive officer of the Company or any proposed nominee of Management for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time since the commencement of the Company's financial year ended August 31, 2022, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

### **MANAGEMENT CONTRACTS**

Other than as disclosed elsewhere in this Circular, no management functions of the Company are to any substantial degree performed by a person or company other than the directors or Named Executive Officers

of the Company.

## AUDIT COMMITTEE

The Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

### Audit Committee Charter

The text of the Audit Committee’s charter is attached as Schedule “A” to this Circular.

### Composition of Audit Committee and Independence

The Company’s current Audit Committee consists of:

<b>Name</b>	<b>Independence<sup>(1)</sup></b>	<b>Financial Literacy<sup>(2)</sup></b>
Kevin Roy <sup>(3)</sup>	Independent	Financially literate
Jodi Butts	Independent	Financially literate
Fraser Macdonald	Independent	Financially literate

Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
- (3) Kevin Roy is the Chair of the Audit Committee.

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. Each member of the Company’s current Audit Committee is “independent” within the meaning of NI 52-110.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Audit Committee are “financially literate” as that term is defined.

### Relevant Education and Experience

Each member of the Company’s present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see “*Board Nominee Biographies*”.

### Audit Committee Oversight

Since the commencement of the Company’s financial year ended August 31, 2022, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### Reliance on Certain Exemptions

Other than as disclosed below, at no time since the commencement of the Company’s most recently completed fiscal year has the Company relied on an exemption from the provisions of NI 52-110.

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which states that the Company, as a venture issuer, is not required to comply with Part 5 (Reporting Obligations).

### Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company’s external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee’s consideration, and if thought fit, approval in writing.

### Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to Clearhouse for services rendered in the last two fiscal years:

Audit Fee Category	2022 (\$)	2021 (\$)
Audit fees <sup>(1)</sup>	29,000	21,750
Audit related fees <sup>(2)</sup>	4,000	1,000
Tax fees <sup>(3)</sup>	4,400	Nil
All other fees <sup>(4)</sup>	4,500	3,560
<b>Total</b>	<b>41,900</b>	<b>26,310</b>

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.



## CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual members of management who are appointed by the Board and will be charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below:

### Board

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director’s independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the four directors on the Board, one will not be considered independent as a result of his relationship with the Company. The Board has not adopted a director interlock policy but is keeping informed of other public directorships held by its members.

The Board facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board. The Board is comprised of seven directors: Nicholas Kadysh, Kevin Roy, Jodi Butts, Perry Tsergas, Fraser Macdonald, Abdelmalik Slassi, and Harriet de Wit. As the size of the Board is small, the Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

The Company considers each of Kevin Roy, Jodi Butts, Perry Tsergas, Fraser Macdonald, Abdelmalik Slassi and Harriet de Wit to be independent. Nicholas Kadysh is not independent as he is the President and CEO of the Company.

### Directorships

The following directors of the Company are also directors of other reporting issuers as stated:

- Nicholas Kadysh is a director of Psyched Wellness Ltd. (CSE: PSYC); and
- Jodi Butts is a director of Tilray, Inc. (NASDAQ, TSX: TLRV), and Canada Goose Holdings Inc. (TSX: GOOS)

### Orientation and Continuing Education

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with the Company’s strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board ensures that each director is up to date with current information regarding the business of the Company, the role the director is expected to fulfill and basic procedures and operations of the Board. The Board members are given access to management and other employees and advisors, who can answer any questions that may arise.

Regular technical presentations are made to the directors to keep them informed of the Company's operations.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board does not have a nominating committee. The Board will consider its size each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of shareholders. The Board determined that the configuration of four directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Board will evaluate new nominees to the Board, although a formal process has not been adopted. The nominees will generally be the result of recruitment efforts by the Board, including both formal and informal discussions among Board members, the Chairman of the Board and CEO. The Board monitors but will not formally assess the performance of individual Board members or committee members or their contributions.

### **Compensation**

The Board is responsible for determining compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company.

### **Assessments**

Due to the minimal size of the Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees. The Board anticipates that it will not conduct any formal evaluation of the performance and effectiveness of the members of the Board. The Board as a whole or any committee of the Board, however, will consider the effectiveness and contribution of the Board, its members and the Audit Committee on an ongoing basis. The proposed directors and the independent directors of the Company will be CFO Executive Officer and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Furthermore, the Management and directors of the Company will communicate with shareholders on an ongoing basis, and shareholders will be regularly consulted on the effectiveness of Board members and the Board as a whole.

### **Other Board Committees**

At the present time, the only standing committee is the Audit Committee. The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular. As the Company grows, and its operations and management structure become more complex, the Board expects it will constitute formal standing committees, such as a Corporate Governance Committee, a Compensation Committee and a Nominating Committee, and will ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which

may properly come before the Meeting or any adjournment of the Meeting.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's consolidated audited annual financial statements to August 31, 2022 and for the period from December 30, 2020 (date of incorporation) to August 31, 2021, a copy of which, together with Management's discussion and analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company by email at [investors@pharmala.ca](mailto:investors@pharmala.ca).

#### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the Board.

**DATED** at Toronto, Ontario January 24, 2023.

#### **BY ORDER OF THE BOARD**

*/s/ Nicholas Kadysz*  
**Nicholas Kadysz**  
**President, CEO and Director**

**SCHEDULE "A"**

**AUDIT COMMITTEE CHARTER**

*(See attached.)*

## PHARMALA BIOTECH HOLDINGS INC.

### AUDIT COMMITTEE CHARTER

#### 1. PURPOSE AND PRIMARY RESPONSIBILITY

- 1.1. This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Pharmala Biotech Holdings Inc. (the "**Company**"), annual evaluation and compliance with this charter.
- 1.2. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

#### 2. MEMBERSHIP

- 2.1. At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.
- 2.2. The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.
- 2.3. The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.
- 2.4. The Chair of the Audit Committee will be appointed by the Board.

#### 3. AUTHORITY

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
  - a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
  - b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

- c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

#### **4. DUTIES AND RESPONSIBILITIES**

4.1. The duties and responsibilities of the Audit Committee include:

- a) recommending to the Board the external auditor to be nominated by the Board;
- b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
- c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- d) overseeing the work of the external auditor;
- e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;
- f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
- g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
- h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
- i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from

the annual audit and quarterly review engagements;

- k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
- l) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
- m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
- n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
- o) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
- p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
- r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;
- s) resolving disputes between management and the external auditor regarding financial reporting;
- t) establishing procedures for: (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

- w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
  - x) establishing procedures for: (i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage; (ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board; (iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company; (iv) reviewing fraud prevention policies and programs, and monitoring their implementation; (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
    - a. Tax and financial reporting laws and regulations;
    - b. Legal withholding requirements;
    - c. Environmental protection laws and regulations; and
    - d. Other laws and regulations which expose directors to liability.
- 4.2. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.
- 4.3. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

## **5. MEETINGS**

- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.
- 5.2. The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.
- 5.3. The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.
- 5.4. The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.



- 5.5. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.
- 5.6. Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

## **6. REPORTS**

- 6.1. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.
- 6.2. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

## **7. MINUTES**

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

## **8. ANNUAL PERFORMANCE EVALUATION**

The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.